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PARLIAMENT BUILDINGS  
TORONTO



Feb. 4/47

ONTARIO, SECURITIES COMMISSION

[Review of registrations of brokers and salesmen, 1947]  
no. 1

re BEAULIEU YELLOKNIFE GOLD MINES LIMITED

It will be recalled that when the Commission released the Report of Colonel T.P. O'Connor and Mr. J.H. Collins into the affairs of this Company, it also announced that it was submitting the evidence and Report to Mr. C.F.H. Carson, K.C., of the firm of Tilley, Carson, Morlock & McCrimmon for an independent opinion on whether any further action should be taken by the Commission.

Mr. Carson's opinion has now been given to the Chairman of the Commission in writing. As a result, no further action is contemplated by the Commission in respect of Beaulieu Yellowknife Gold Mines Limited.

Toronto, February 4, 1947





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PARLIAMENT BUILDINGS  
TORONTO



[no. 2]

ONTARIO, SECURITIES COMMISSION

FOR RELEASE TUESDAY, MARCH 11/47 - 4.15 p.m.

[Review of registration of brokers and salesmen  
1947, no. 2]

Since the Commission's last Release concerning registrations of brokers and salesmen there is the following to report:-

Messrs. W.R. Marchment and J.N.S. Dixon, both of Toronto, formerly officers of Redmond-Carlton Limited applied for registration as brokers in their individual names. Registration was refused and on Review of that decision by the full Commission, the decision to refuse registration was upheld.

Mr. G. Beresford Powell of Toronto whose registration as a broker was cancelled by Order of the Commission on November 2nd, 1946, applied for a new registration under the name Berwell Securities. The Commission has refused the reinstatement.

Mr. Samuel Grossman of Toronto applied for Review of a decision of the Commission refusing him registration as a salesman. On Review the decision was sustained.

Mr. Joseph A. Morgan whose registration as a salesman was cancelled some months ago, applied again for registration and was refused. On a Review of this refusal by the full Commission the refusal was upheld.

One broker whose application for registration was refused has been granted registration after Review by the full Commission.

Another broker whose registration was cancelled has been permitted to register as a salesman.

The broker's registration of T. Earle Reid (T. Earle Reid & Company) of Toronto was suspended after an investigation and was subsequently cancelled at Mr. Reid's own request.

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The registrations of the following salesmen,  
formerly associated with the firm of T. Earle Reid & Company  
have been cancelled by Order of the Chairman:-

S. Boltman	-	Toronto
John Sherman	-	Toronto
Murray Sherman	-	Toronto
Arthur Gardiner	-	Toronto

Written Reasons in four of the cases dealt with  
are herewith released.

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THE SECURITIES ACT, 1945

RE W. R. MARCHMENT AND J.N.S. DIXON, BROKERS

REVIEW

Hearing January 6, 1947

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The above-named were the principal officers and shareholders in Redmond-Carlton Limited whose registration as brokers was cancelled by Order of the Commission dated August 12th, 1946. They subsequently applied for re-registration in their individual names. Such registration was refused and this was a Review by the full Commission of that decision.

We regret that in spite of the able presentation of their case we are unable to conclude that registration should be restored.

We are still convinced that their methods of carrying on business were predominately of the "boiler room" type and see little likelihood of a change if registration were restored. Complaints received even after the cancellation Order of Redmond-Carlton Limited became effective only tend to confirm us in this view.

In the evidence before us this time a valiant attempt was made to prove that the applicants were in the habit of obtaining genuine and independent mining Engineering reports on the properties they financed or assisted in financing. In our view what really happened was that they were in the main more inclined to adopt without question promotional Engineering reports designed to encourage public buying in any circumstances rather than scientifically to appraise the chances of developing the properties in the proper sense. We have not been impressed with many of the Engineering reports which have come before us and we were not impressed on the evidence before us as to the responsibility of these brokers to the buying public. In our previous Reasons given at the time of cancellation of the registration of Redmond-Carlton Limited we said....."We are always inclined to give brokers whose selling methods meet with our disapproval a further chance where the evidence convinces that a bona-fide, constructive attempt has been made to bring in mines or industries. Our examination of this firm's record has failed to convince us that it has been much interested except in its own pecuniary advantage." The evidence now before us has not changed our former opinion.

Neither have we been impressed with the methods employed by these brokers in being a party to transactions where the treasuries of Companies they were financing have been tapped for promoting new activities in which they engaged themselves.

We still do not believe it to be in the public interest that the applicants should receive registration.



THE SECURITIES ACT - 1945

RE SAMUEL GROSSMAN - SALESMAN

Hearing January 28, 1947

This is a Review pursuant to the provisions of Section 45 of The Securities Act following the refusal of the Commission to grant Mr. Grossman registration as a salesman.

Mr. Grossman was refused registration by the former Commission in July, 1945. It appears that in April, 1944, then twenty years of age, he was convicted for permitting gambling on his premises. He did not disclose this information in his original application, but within a short time of filing his application, he advised the Commission of the omission, offering the explanation that he did not understand the form of application applied to offences other than those arising out of trading in securities.

We do not know how his explanation was accepted at the time, but it is a matter of record that for some reason his application was refused. He now seeks to explain that he was the victim of circumstances, that it was an older and more experienced man who accepted bets at his business address and that he was innocent of any wrong intentions.

As already stated he applied for registration in July, 1945, with a brokerage firm which has since abandoned its registration in the course of the general review of registration in pursuance of the provisions of the 1945 Act. He soon became the secretary-treasurer of a mining syndicate and a director of three gold mines. It is not necessary to comment on his lack of qualifications respecting a venture upon which he had embarked rather extensively over a short period, but it is at least significant that he possessed neither special nor general business qualifications. But we are directly concerned with the fact that after being dragged into the professional gambling game, when he turned his attention to the mining industry he became associated with two individuals whose record in the marketing of mining securities is now a matter of history, neither of whom have enjoyed registration with the Commission for some years.

Mr. Grossman has been unfortunate throughout in choosing his associates, thus displaying either a lack of judgment, or a tendency which should not be encouraged. We consider he should be denied registration until he is able to show somewhat better judgment and better appreciation of the requirements of the role he wishes to assume. The ruling of the Commission will not be disturbed.





THE SECURITIES ACT - 1945

RE BERWELL SECURITIES - (G. BERESFORD POWELL)

Hearing January 31, 1947

The above-named broker was investigated and examined under oath as the result of some complaints. As a consequence his registration was cancelled by Order of the Chairman under date of October 21, 1946. He then applied for a review of the Chairman's decision and was heard by the full Commission. As a result of the review, the Chairman's Order was sustained by Order dated November 2, 1946.

On January 3, 1947, the applicant once again applied for registration as a broker under the name of Berwell Securities. This application having been refused, he applied once more for a review. It is this application which is being dealt with in these Reasons.

As we pointed out to the applicant's Counsel on the Hearing, a right is given under the Act to appeal to a Judge of the Appellate Division of the Supreme Court from a decision of the Commission refusing registration.

Just why the applicant chose to ignore that right and make a new application, we are at a loss to understand from what transpired at the Hearing. We have not heard a single bit of evidence that was not heard before nor do we believe any different interpretation can be put upon it from what we did before.

Accordingly we are all of the opinion that the Reasons given by the Chairman on October 21, 1946 and those given by the Commission on Review on November 2, 1946 are still valid and sound. In other words, we are not able to conclude that it is in the public interest that the applicant should receive registration.





THE SECURITIES ACT - 1945

JOSEPH A. MORGAN - SALESMAN

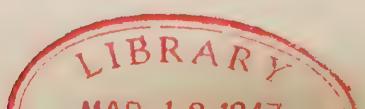
Hearing February 13, 1947

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Mr. Morgan's registration as a salesman was cancelled when his record was reviewed pursuant to Section 45 of the Act. He has now on request been granted a re-hearing.

He has not been able to introduce any new evidence nor indicate that the Commission made any error or omission in analyzing his record on the former Review. He places his claim to reinstatement solely on compassionate grounds. We realize that a combination of circumstances may have rendered it most difficult for Mr. Morgan to gain a livelihood. But we do not feel we can undertake the grave responsibility of reinstating a person, who over a period of eighteen years has consistently resorted to objectionable and irregular selling methods. We doubt, in fact we are fairly convinced, that he could not have made even a bare living in the past, without recourse to such methods. In short he lacks the capacity to become a reasonably successful salesman from a financial viewpoint, if he adheres to the rules and regulations governing the sale of securities.

However good Mr. Morgan's present intentions may be, under adverse selling conditions he is almost certain to revert to his former methods. We are confident that we have correctly assessed Mr. Morgan's true situation, and accordingly, having regard to our duty to the public, are unable to grant his application.





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ONTARIO SECURITIES COMMISSION

[Review of registration of brokers and salesmen  
no. 7]

FOR RELEASE TUESDAY, MAY 13/47 - 4.15 p.m.

The Ontario Securities Commission announces the following decisions in regard to Hearings having to do with registration of brokers and salesmen.

Mr. A.E. DePalma of Toronto made application to the full Commission for re-registration as a broker. The application was refused.

Mr. Irving Spellman of Toronto made application for re-registration as a salesman. His application has been refused.

Messrs. Arthur C. Gardiner, Samuel Boltman, John Sherman and Murray Sherman, all of Toronto, applied to the Commission for Review of the Chairman's decision cancelling their registrations as salesmen. The Chairman's Order has been confirmed.

Mr. W.S. Kirkham of Toronto applied for Review of the decision of the Commission refusing his registration as a salesman. Immediately prior to the date set for Hearing, Mr. Kirkham gave notice of abandonment. As a result the refusal remains in effect.

Reasons in writing for all decisions except that with regard to Mr. Kirkham are appended.



THE SECURITIES ACT, 1945

RE A. E. DePALMA - BROKER

Hearing March 31, 1947

REASONS

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Mr. DePalma was one of those brokers whose registration was reviewed in the early part of 1946. As a result his registration was cancelled at that time. He applied for registration again early in 1947. On being refused by the Commission he applied for a Review by the full Commission, which took place March 31, 1947.

His desire to hold registration seems to be actuated by the fact that he believes a certain stigma attaches to his name by reason of having had his registration cancelled, as a result of which it is very difficult for him to raise monies for the promotions in which he retains an interest. It is to be noted however that he claims to have been able to add considerable sums to the treasuries of companies in the course of financing without benefit of registration.

DePalma's business was acquired by one, Robert Mitchell who is now operating under the name of Robert Mitchell and Company. DePalma protests he has no financial interest and Mitchell has sworn to the same thing. It does seem to go beyond the mere arm of coincidence that all of the deals being specially promoted by Mitchell and Company are deals of which DePalma was the promoter or underwriter. DePalma admits that all selling literature going forth from Robert Mitchell and Company is submitted to him and subject to his direction. We have gone rather carefully into some of that literature, particularly that relating to Tantalum Refining and Mining Corporation of America Limited. We find it objectionable and of a distinctly high-pressure character. The estimation of "future market potential" is particularly objectionable. Mr. DePalma places



the responsibility for this upon the estimates provided by Dr. Gardner, the Consulting Engineer. It is of course clear that Dr. Gardner has a definite financial interest in the stock selling campaign. Dr. Gardner is not on trial before us at this time. Mr. DePalma must accept responsibility for the document in question. We think he must accept responsibility as well for a document which is silent on the mechanical and other difficulties encountered in the operation and in that sense at least is hardly up to the standard expected in connection with the principle of full plain and true disclosure. There are other matters contained in the circular of a misleading nature.

We are all of the opinion that Mr. DePalma has not as yet learned the standards required under The Securities Act, 1945 in connection with the selling of securities to the public. Accordingly we do not see fit to alter the decision of the Commission refusing his re-registration.





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ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE IRVING SPELLMAN - SALESMAN

Hearing March 26, 1947

REASONS

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Mr. Spellman was refused transfer of registration from one firm of brokers to another some months ago and his registration was cancelled. He applied for a Review by the full Commission. The Hearing took place on September 19th, 1946 and Judgment was given October 21st, 1946 confirming the cancellation.

Under date of February 12th, 1947, Spellman re-applied for registration as a salesman with John H. Batten & Company. His application was again refused. Once again he asked for a Review by the full Commission and once again he has been heard.

We find nothing new introduced in the way of evidence whatever. We are simply being asked on Review to reverse our former decision with no new matter of principle being argued and no real evidence being introduced. Mr. Spellman has changed lawyers. That appears to be the only thing new.

Our decisions in these matters are not lightly made. They are arrived at after a careful hearing and almost always are given in writing. We cannot subscribe to any such principle as Counsel appears to be putting before us here. If we had intended a suspension we would have said so.

There is nothing before us to justify our altering the former decision. The decision refusing registration is sustained.



THE SECURITIES ACT, 1945

RE ARTHUR C. GARDINER, SAMUEL BOLTMAN

JOHN SHERMAN AND MURRAY SHERMAN, - SALESMEN

HEARINGS ON REVIEW March 25 and April 25, 1947

REASONS

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The above named salesmen, all of Toronto, were in the employ of the brokerage firm of T. Earle Reid & Company. As a result of numerous complaints received, the Commission made a thorough investigation into the firm's activities. It was found that the operation was nothing more or less than a high-pressure "boiler" room. The extent of it may be appreciated from the fact that the commissions paid these salesmen in a period of about three months were - Gardiner - \$34,588.00 - Boltman - \$12,994.00 - John Sherman - \$13,491.00 - Murray Sherman - \$12,404.00 or a total amount in commissions to these four salesmen alone of \$73,477.00. There were other salesmen as well. These four had a pooling arrangement and were paid in common  $12\frac{1}{2}\%$  on sales of Silver Arrow stock and  $7\frac{1}{2}\%$  on sales of Brand and Millen. Gardiner as head of the salesmen received an additional  $2\frac{1}{2}\%$  from his employer on all sales, which accounts for the extra large amount paid him.

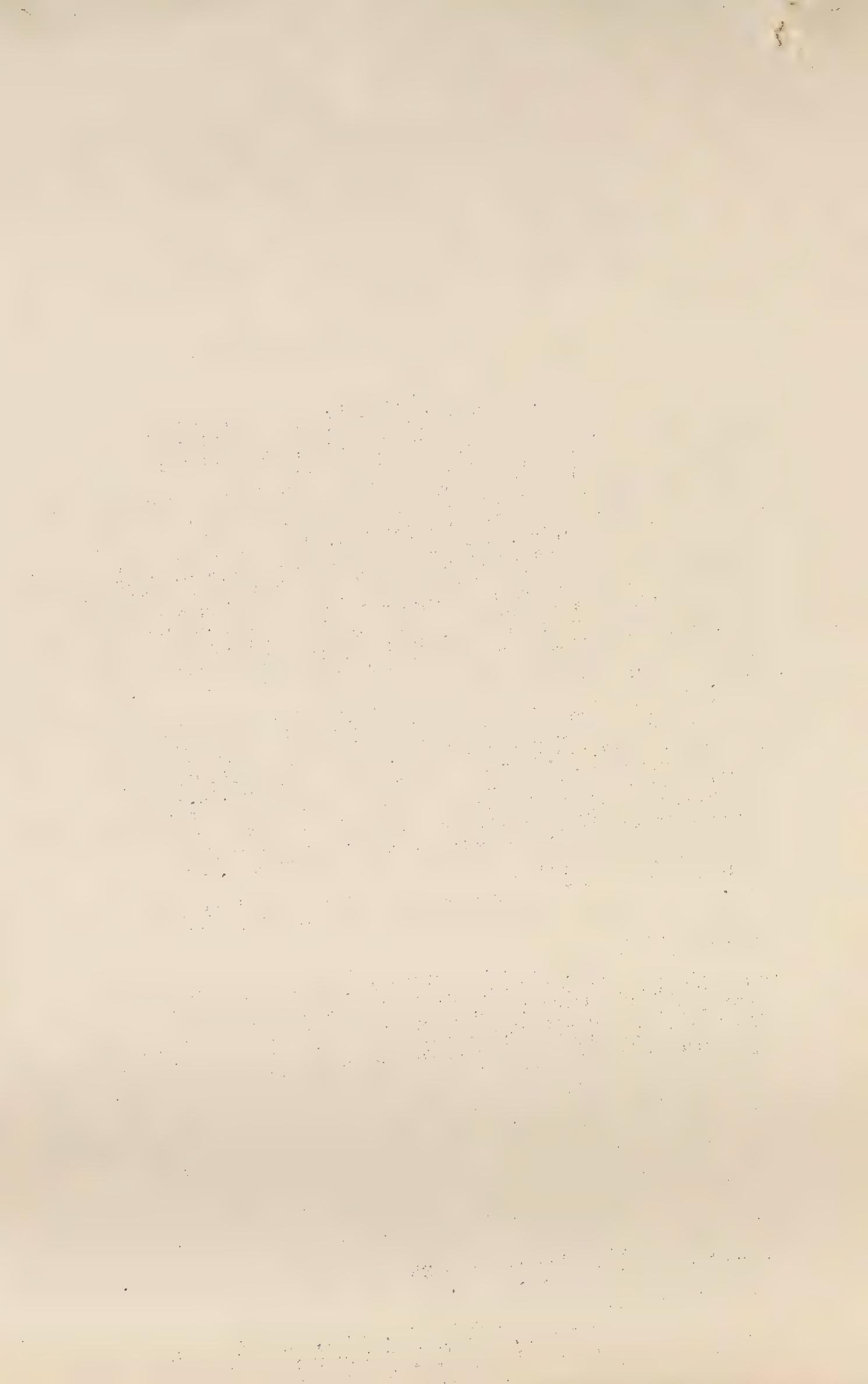
In the course of the investigation it was ascertained that T. Earle Reid operated some 19 different fictitious or "dummy" accounts. The salesmen were paid in cheques the following amounts - Arthur Gardiner - \$10,708.00 - Boltman \$6,200.00 - John Sherman - \$7,032.00 - Murray Sherman - \$6,464.00. The difference between the amount of the cheques and the full commission as given above was paid them in cash without any record in the books and the cash was obtained by the manipulation of fictitious transactions through the "dummy" accounts.

As a result of the investigation the broker T. Earle Reid surrendered his registration and a cancellation order was put through.

In the course of the investigation Mr. Reid was examined under oath and when the situation regarding paying salesmen partly in cash without records in the books and the operation of dummy customer accounts was put to him he stated substantially that in his experience the operation of dummy accounts was quite usual in the brokerage business and that the salesmen refused to work unless some arrangement were worked out so that they would be paid partly in cash and the records would only show as income what they had received by cheque. To quote Mr. Reid's exact words:- "Q. So that this additional payment is to avoid income tax? A. That was the prime reason. It was at their request and I could not hold them otherwise."

After Mr. Reid surrendered his registration and as a result of the evidence obtained during the investigation, the Chairman made an Order cancelling the registrations of these four salesmen. They then requested a Review by the full Commission. The Review as to Boltman and the two Shermans was held March 25th and as to Gardiner April 25th, 1947.

At the hearing of March 25th, 1947, Mr. T. Earle Reid was summoned as a witness. After asking for the usual protection, he proceeded to tell us that he had no such arrangement with the salesmen as he had previously testified

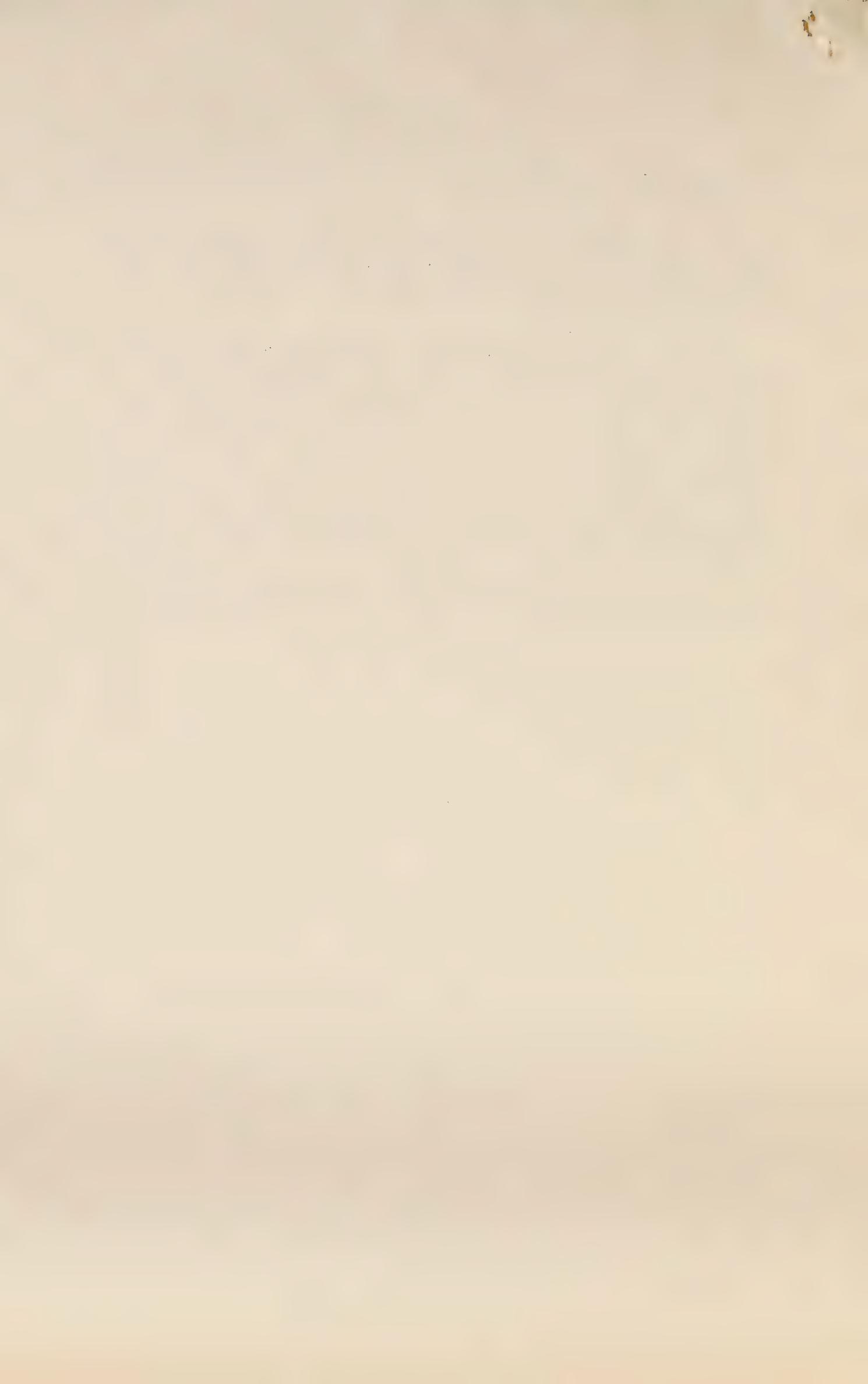


to under oath. The salesmen have denied any such arrangement throughout.

It is rather obvious to find good explanations of why Mr. Reid's first testimony is more likely to be true than what he gave later. We shall not labour the matter. We do not believe the salesmen's testimony nor do we believe the evidence given by Reid on March 25th.

This brokerage house undertook a specialized concentrated telephone operation - in other words a boiler room. These salesmen are all specialists on telephone selling. It seems to be a prevalent idea on sections of Bay Street that because the Act makes telephoning to a private residence an offence, a boiler room can be operated as long as there is no proof of telephoning to a private residence. It must not be overlooked that there is an obligation on this Commission to cancel registrations when the Commission deems it to be in the public interest. People who undertake the operation of boiler rooms must be assumed to be willing to stake their registrations. Salesmen who participate should realize they take a similar risk.

The Chairman's decision is upheld and the registrations of these four salesmen will remain cancelled.



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PARLIAMENT BUILDINGS  
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ONTARIO, SECURITIES COMMISSION

FOR RELEASE THURSDAY, MAY 29/47 - 4.15 p.m.

On 15th May, 1947, the Honduras Consolidated Mines Limited completed its filings with the Commission and permission was granted to it to trade in its shares with the public. According to the filings the only asset of Honduras Consolidated Mines Limited was 19,994 shares, out of an authorized 20,000 shares of Minas Antiguas, a Honduras Corporation which owned gold claims in Honduras.

Upon representations of the President of Minas Antiguas to the effect that the validity of the transfer of the said 19,994 shares of Minas Antiguas to Honduras Consolidated Mines Limited is being attacked in the Civil Courts of the United States, the Commission has to-day issued an Order stopping all trading in the course of primary distribution in the shares of Honduras Consolidated Mines Limited.





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PARLIAMENT BUILDINGS  
TORONTO



ONTARIO SECURITIES COMMISSION

*Review of registrations of brokers and  
salesmen, no. 5]*

FOR RELEASE TUESDAY, JUNE 17/47 - 4:15 p.m.

The Commission has been conducting an investigation for some time into the affairs of C.M. Nakashidze, a registered Toronto broker, carrying on business as C.M. Nush & Company. Upon receipt of advice from the solicitor for Mr. Nakashidze that he is making a voluntary assignment in bankruptcy, the Commission yesterday cancelled the brokerage registration of C.M. Nakashidze.

The investigation is continuing. The public will be further advised in due course of any subsequent developments.







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ONTARIO, SECURITIES COMMISSION

FOR RELEASE MONDAY JUNE 23/47 - 4.15 p.m.

*[Review of registration of broken and Sabotage  
60-67]*

As a result of the Commission's investigation into the affairs of C.M. Nakashidze, who has been carrying on business as a broker under the name of C.M. Nash & Company, three charges of theft have been preferred against Mr. Nakashidze by the Commission. The charges are that Mr. Nakashidze stole sums totalling \$24,000.00 from Seelite Enterprises Limited, a company of which he is a Director, and which was promoted by C.M. Nash & Company.

As was previously announced, Mr. Nakashidze has made an Assignment in Bankruptcy, and Mr. E.G. Clarkson of the firm of E.R.C. Clarkson & Sons, 15 Wellington Street, West, has been appointed Custodian. Creditors of Mr. Nakashidze and C.M. Nash & Company are advised to file their claims with Mr. Clarkson.

Shareholders of Seelite Enterprises Limited and Enterprise Finance Limited, are advised that the Commission is informed on behalf of the Directors of these companies, that shareholders meetings are to be called in the near future.

The investigation by the Commission is continuing.





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PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION

Review of registration of brokers 73

FOR RELEASE TUESDAY, JULY 8, 1947 - 4.15 p.m.

The Ontario Securities Commission announces the following decisions with respect to registration of brokers.

The Commission's refusal to register Mr. Roy Hamilton (Roy Hamilton & Company) Toronto, for the current year has been upheld. Mr. Hamilton applied for a Review and then subsequently abandoned his registration. He now holds no registration from the Commission.

The Commission's refusals to register Mr. H.N. Hansen (H.N. Hansen & Company) Toronto and Mr. G.C. McMacken (G.C. McMacken & Company) Toronto have been confirmed. These brokers no longer hold registration from the Commission.

Reasons in writing are appended with respect to Mr. Hansen and Mr. McMacken.

In the case of Skynner Lake Gold Mines Limited - application of The William J. Skynner Estate for release of vendors' shares from escrow, the Commission has given its consent to release of the shares. Reasons in writing are given herewith.







PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

H. N. HANSEN & COMPANY

HEARING 23rd and 27th of MAY, 1947

REASONS FOR DECISION

This is an appeal to the full Commission, following the Commission's refusal to renew H.N. Hansen & Company's registration as a broker for the current year commencing the 1st of April, 1947.

We are prepared to rest our decision upon the determination of the question which normally arises in appeals of this kind, namely - whether the broker lived up to the required standards in dealing with his customers. In this case however there are other factors to be considered in determining whether it is in the interest of the public that this broker's registration should be restored. These further factors are revealed in the comprehensive report made by the auditing staff. It appears that H.N. Hansen, recorded as the sole owner of the brokerage business bearing his name, completely usurped the duties of the officers and directors of Bruin Yellowknife Gold Mines Limited both in making the necessary arrangements to market the Company's shares and in the management of the development work undertaken at the property. These complaints could not have developed if the directors had been alert, and without the assistance of the Secretary-Treasurer, who was also a bookkeeper in the broker's office.

We are primarily concerned with the conduct of the broker in relation to the public and this in turn rests for the most part on whether he should be fixed with responsibility for the conduct of one, Henderson in selling Bruin shares. The question is a narrow one, as little attempt, if any, was made to either excuse or deny the sales tactics employed by Henderson, who was actively engaged in selling Bruin Yellowknife shares during the months of April to July, 1945, both inclusive. Henderson had not been registered as a salesman since the year 1938, and his application for registration as of March, 1945 had not been granted. He was not employed by Hansen as a salesman, but was given a call on 100,000 shares of Bruin Yellowknife, the issue Hansen was sponsoring. The evidence establishes that he used Hansen's office as he chose and to all intents and purposes he enjoyed the same privileges as a registered salesman, solely because Hansen provided the necessary background. Some measure of his successful sales campaign is attributable to the fact that a registered broker formed an outwardly respectable background to his sales campaign. Even if Hansen did not actually support the representation made by Henderson, he knew of the sales methods being employed and that Henderson had a large block of shares under his control, in order to continue his high-pressure methods. Despite this Henderson continued to have the freedom of the broker's office and in fact drew \$100.00 per week over a period of 12 weeks. The explanation offered regarding these payments is not convincing and would seem to imply that Hansen was willing to employ Henderson outright as a salesman, if he could obtain registration. On these facts we consider we must fix the broker with responsibility for the conduct of Henderson.

On the other branch of the appeal, we are inclined to believe that Hansen endeavoured to develop a mine, but with this practical qualification, that in the course of his attempt he was going to look after his own interest, in his several capacities throughout. If as a result of the facts disclosed



by the auditor's reports, we could find that he had acted in a fair, impartial manner, we might have seen our way clear to give him the benefit of any semblance of doubt, respecting the Henderson episode.

Mr. Hansen stresses the fact that the gross proceeds from a substantial block of Bruin shares were placed in the Company's treasury without deduction for selling costs. The option agreements were taken in the name of one, Shiels, without being approved by the Board of Directors, until after the Company became inactive. The options were exercised and financed by Hansen, the resulting profit was in excess of \$37,000.00 and Hansen's gross profit on resale to the public was in excess of \$25,000.00. The report further reveals that the broker sold over 60,000 shares to the public, in excess of the number of shares issued under the option agreements, which established the fact that Hansen was busily engaged in selling his own shares or those of his associates to the prejudice of the interests of the Company in marketing its treasury shares in order to obtain funds for development. In the meantime the costs of advertising to create a market was charged to the Company.

After arranging for the financing of the Company to suit his own purposes, Hansen took over the management of the development work and expended the Company's funds without authority. He engaged the vendor of the mining claims as manager of the property and forwarded him large sums of money without seeking an accounting. He has offered no explanations to findings of the Auditor that substantial amounts were expended by the manager at Yellowknife on ventures in which the Bruin Company had no interest. Not content with this complete usurpation of the duties of the directors, he involved one of the directors directly in an irregular transaction by purchasing a used diamond drill from the director with Company funds, thus ignoring the provisions of Section 93 of The Companies Act, requiring full disclosure to the Board of Directors of any transactions with a Company in which a director has an interest. Moreover, the purchase appears to have been a most improvident one.

The conduct of the directors is not under review. We are concerned with the conduct of the broker in relation to his customers, but we cannot escape the fact that even if ore had been discovered in commercial quantities on the Bruin property, the chances of the shareholders making a profit were very remote. We consider that the combination of complaints against the broker is formidable. He, at least, indirectly aided Henderson's objectionable sales methods. He manipulated the financing of the Bruin Company and lastly expended the Company's funds without authority and in some cases improperly. It is not in the public interest that a broker should be permitted to take advantage of an indifferent Board of Directors and so create a situation in which there is a continual conflict between his interests and that of the Company whose issue he is supposed to sponsor.

The appeal will be dismissed.





PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE G. C. McMACKEN - (G. C. McMACKEN & COMPANY)

HEARING MAY 5, 1947

REASONS FOR DECISION

Sometime in the early part of 1946 the registration of the above-named broker was subjected to a Review by the full Commission. At that time it was decided to take no disciplinary action and Mr. McMacken was allowed to retain his registration.

The Commission did not reach its conclusion at that time because evidence of objectionable methods and high-pressure selling was lacking altogether, but because it felt that with another chance Mr. McMacken might become a constructive force in the brokerage business.

Since that Hearing the Commission has been in receipt of a great many complaints about the McMacken way of doing business. As a result, the Commission had no alternative but to subject the registration of Mr. McMacken to a further Review. This took place May 5, 1947.

We have come to the conclusion reluctantly that Mr. McMacken's registration cannot be continued. The selling methods employed in his business are of the boiler room type and distinctly high-pressure. In our opinion he is irresponsible, both in what he offers to the public without thorough investigation and in his duty to his clients. His technique of selling mining stocks on the strength of quotations as to selling price and then refusing to make a market for those who wish to resell, we find quite objectionable. We do not by any means suggest that a broker selling mining shares must maintain a market. We do however suggest that if he sells on an implied undertaking that there is or is going to be a market for resale then he must live up to that undertaking. If he makes it clear to the purchaser that there is no intention of maintaining a market, the purchaser must be taken to have bought on that understanding. Mr. McMacken has followed the pattern of offering mining stocks on an implied undertaking that there will be a market. He has used an office publication to quote "bid and asked prices" when he knew there was no real market.

We are all of the opinion that McMacken is irresponsible and does not conduct business on the standards required by The Securities Act, 1945. His registration is cancelled.





PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE SKYNNER LAKE GOLD MINES LIMITED

AND IN RE APPLICATION ON BEHALF OF ESTATE  
OF WILLIAM J. SKYNNER FOR RELEASE OF 300,000

ESCROWED SHARES

Hearing June 25, 1947

On the original application to the Commission for release of the shares from escrow an Order was made that the Commission's consent to release would go. The Company which opposed the release applied for a Review before the full Commission. The Review was held June 25, 1947.

The Company takes the position that release of the shares would probably depress the market and place a serious obstacle in the way of further financing and result in litigation. It also invokes the old equitable doctrine that the applicant is in effect seeking equity and in view of his relationship with the Company in the past does not come with clean hands.

The late Mr. Skynner was a prospector. In the month of September, 1936 he gave an option under seal to Herbert M. Garruthers, a broker and Percy A. Kindree, the present president of the Company to purchase a mining claim number H.R. 940 for 300,000 shares in a company to be formed, the shares to be held in escrow subject to release on the consent of the Ontario Securities Commission. In the same document on their part the optionees covenanted to purchase the shares at .25¢ per share after the Ontario Securities Commission had consented to their release from escrow. The optionees apparently assigned their interest in the option to the Company after it was formed though no formal documents of assignment were produced at the Hearing. Litigation ensued between the Company and Skynner as a result of which the Supreme Court of Ontario made an Order vesting the mining claim in the Company.

The Company acquired quite a number of claims and subsequently did further financing and exploration and development work until now there are only some 209,000 shares left in the treasury and a great deal of money required before the mine can be brought into production.

It will be noted that these shares have been held in escrow for upwards of ten years. The Commission is now called upon to exercise a discretion as to whether it should give its consent to release.

In our opinion the fundamental reason for requiring vendor's shares to be escrowed is to permit the sale of treasury shares to be made so that the money thus obtained will go into expenditures on the property without having vendors' shares thrown on the market during the course of primary financing and thus handicap the chances of sale of treasury shares and actual development of the property. There was a time when vendors' shares were sold along with treasury shares and the purchaser had no assurance that his money was going into the mine and not into the pockets of promotional interests. Under the present system vendors' shares are only released for sale in proportion as treasury shares are sold. Counsel for the Skynner Estate



argued quite vigorously that this amounted to confiscation. Confiscation is a harsh sounding word. We do not think it is a good word to use. There may be some confiscation of the right to realize within a certain time but that is quite different from confiscation of the shares. At any rate the escrow in this case was as in practically all such cases of a voluntary character.

However, these shares have been escrowed for ten years. In the meantime management has disposed of all treasury shares except some 209,000, without bringing the mine in. In other words, management has had a reasonable chance. Besides this the president of the Company is on a covenant to purchase the Skynner Estate shares at .25¢ a share. This seems to us to go a long way to explain why the Company officially opposes the application. We follow the principle that a bona fide prospector is entitled to special consideration or else how could he carry on his occupation if the resultant rewards are tied up in escrow for indefinite periods. We see no different matter pf principle involved because Mr. Skynner died in 1939. His Estate and heirs should stand in the same relative position.

We do not feel in this case we should venture into the realms of the equitable principles which the Company invites us to do. It seems to us these matters are not specially relevant to the problem confronting us.

Accordingly we have decided that the consent of the Commission should be given to the release asked for. We also follow the principle in this case that all the holders of vendors' shares are entitled to be treated alike and the consent of the Commission will extend not only to the release of the shares owned by the Skynner Estate, but to the vendors' shares owned by all others in a similar position.



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ONTARIO, SECURITIES COMMISSION

Reviews of registrations of brokers and Salesmen, 1912

FOR RELEASE TUESDAY, SEPT. 2/47 - 4.15 p.m.

Since the last Release by the Commission several investigations and Reviews have taken place during the month of August. As a result the Commission has to report the following decisions:-

In the case of re Lackie Prospecting Syndicate (Mr. M.P. McDonald, Toronto, Ontario) the decision of the Commission refusing Mr. McDonald exemption under section 19 of the Act as a prospector to enable him to sell syndicate units to the public has been upheld on review.

In the case of re Charbay Prospecting Syndicate (Mr. Henry Charbonneau, Yellowknife, N.W.T.) the decision of the Commission refusing Mr. Charbonneau exemption under section 19 of the Act as a prospector to enable him to sell syndicate units to the public has been upheld on review.

The decision of the Commission refusing registration to Mr. Thomas Montgomerie as a security salesman has also been sustained on review.

Written Reasons in all three cases are appended.





ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE CHARBAY PROSPECTING SYNDICATE

RE HENRY CHARBONNEAU

Hearing August 7th, 1947

This is an application by Mr. Charbonneau for review of the decision of the Commission ruling that neither Mr. Charbonneau nor the members of the syndicate are entitled to the benefit of the exemption contained in section 19 (1) t of The Securities Act. The effect of the decision is to make Mr. Charbonneau liable to prosecution if he attempts to sell units of the syndicate to the public as a prospector.

Mr. Charbonneau was the vendor of the mining claims of Bruin Yellowknife Gold Mines Limited. The affairs of that Company were very carefully investigated by the Commission in connection with the case of H.N. Hansen & Company, recently reported.

Besides being the vendor of the claims, Mr. Charbonneau was made Field Superintendent of Bruin Yellowknife Mines Limited to look after some drilling being done by that Company in 1945. In that connection he had control of certain trust funds belonging to that Company. His methods of handling the funds in our opinion were very questionable and irregular to say the least.

His activities suggest that he was more interested in cooperating with Hansen as a broker than in administering the affairs and monies of the shareholders of the Company as a person in his position should be expected to do.

His activities such as we have become acquainted with suggest to us that he is the type of operator who is most irresponsible as far as the interest of the public is concerned. Accordingly we believe that he is not entitled to the exemption to prospectors provided by section 19 (1) t.



"10.(1) Only a person who is a member of the Association or who has obtained a license shall be entitled to take and use the title "Professional Engineer," or "Registered Professional Engineer" or any abbreviation thereof, or except as herein otherwise provided to take and use the title "Engineer" or any abbreviation thereof in such context or in such a manner as to lead to the belief that he is a professional engineer."





ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

THOMAS MONTGOMERIE - SALESMAN

Hearing August 7th, 1947.

This is an appeal to the full Commission following the refusal of the Commission to grant Mr. Montgomerie registration as a salesman for the current year.

Mr. Montgomerie has previously been registered both as a broker and a salesman. His registration as a salesman lapsed as of the 31st of March, 1939. In the meantime he has been employed in the type of work in which he received his early training, and in which he apparently is highly proficient. At the age of 54, as a result of a change of ownership of the Company with which he was employed, he now finds himself out of employment, at an age when it is difficult to start afresh.

In the face of a most unsatisfactory record from 1928 to 1939, and after a lapse of over eight years, he wishes to again engage in the sale of securities. It is evidently not a matter of choice, but a matter of immediate necessity. It is unfortunate that a man who apparently is capable of rendering valuable services in the field in which he was trained should be forced into this position. But we are unable to assist him. We are convinced that he is incapable of making a living as a security salesman throughout the ups and downs of the market and still maintain proper standards, particularly in the matter of accounting to his clients for the funds and securities entrusted to him.

He was constantly in difficulty in the matter of accounting, according to the records and there is very little, if any dispute as to the correctness of the records.

The appeal is accordingly dismissed.



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ONTARIO SECURITIES COMMISSION

For release Tuesday, Oct. 14/47 - 4:15 p.m.

Vol. 1, p. 139, 1963

Since its last periodic release the full Commission has heard on Review the application of Huclif Porcupine Mines Limited and other shareholders for release of escrowed shares of Porcupine Reef Gold Mines Limited.

On Review the Commission has varied to some extent its decision on the original application. The release of the shares is authorized effective November 1, 1947.

The Commission's reasons for its decision are released herewith.





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ONTARIO SECURITIES COMMISSION  
THE SECURITIES ACT, 1945

RE PORCUPINE REEF GOLD MINES LIMITED

AND IN RE APPLICATION BY HUCLIF PORCUPINE MINES LIMITED  
ON BEHALF OF ITSELF AND OTHER SHAREHOLDERS FOR RELEASE

OF CERTAIN ESCROWED SHARES

Hearing September 9, 1947

On the original application to the Commission there were two issues involved (1) as to whether the Commission had sole jurisdiction with respect to the consent required for release of the shares from escrow and (2) assuming the Commission had such jurisdiction, should it give its consent to the release and on what terms. The Commission decided it had sole jurisdiction without the consent of the directors being required and refused to give its consent without prejudice to a further application to be made at the end of five month's time from July 29, 1947.

The applicant asked for Review of the decision pursuant to section 45.

Apparently the shares in question were first escrowed with the Trusts & Guarantee Company Limited in 1935. The escrow agreement at that time does not appear to have been completed and a subsequent escrow was entered into in 1936 and certificates were redeposited with the Trusts & Guarantee Company Limited subject to release on the consent of the Commission. Some of the shares so escrowed have been released from time to time until there are some 449,619 shares left in escrow of which 249,619 are now owned by Huclif Porcupine Mines Limited and 200,000 shares owned by one F.N. Walsh.

According to the evidence an agreement was entered into between the Company, Porcupine Reef Gold Mines Limited and Broulan Porcupine Mines Limited whereby the latter Company undertook to advance funds for development of the Porcupine Reef property and took an option on shares of Porcupine Reef. Funds have been



provided in substantial amounts and there remain some 550,000 shares still under option at an average price of .42¢. Porcupine Reef Gold Mines Limited at the time of the review was in debt to Broulan to the extent of some \$59,000.00.

The contention of Porcupine Reef officials is that the putting on the market of the escrowed shares would gravely interfere with the present development plans as Broulan finds it necessary from time to time to dispose of certain of the Porcupine Reef Gold shares obtained under option in order not to impair its own finances.

The point is also taken that the circumstances under which Huclif Porcupine Mines Limited obtained its shares are very suspicious and open to question. This is a matter which has been litigated before the Courts and we feel that we cannot do otherwise than give effect to the Court's decisions.

These shares have been long held in escrow, over eleven years. They were originally issued for the property. The great bulk of shares placed in the escrow have been released. We think that on the general principles heretofore enunciated in the Skynner Lake Gold Mines case we should on balance authorize the release of the shares from the escrow.

This will be the order of the Commission on Review to become effective the 1st day of November, 1947.

Toronto, October 4th, 1947.





PARLIAMENT BUILDINGS  
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ONTARIO SECURITIES COMMISSION

For release Tuesday, October 14/47 - 4.15 p.m.

RE RELEASES OF STOCK FROM ESCROW

MINING ISSUES

For some years there has been an unwritten administrative rule in the Ontario Securities Commission permitting release of one share of escrowed stock for each share of treasury stock sold.

For some considerable time the Commission has been conducting a survey to ascertain the effect of this rule in so far as the investing public is concerned. The Securities Act (1945) requires full, plain and true disclosure of all material facts relating to the issue. The administrative rule previously employed by the Commission is not generally known to the investing public and in our opinion has the effect of non-disclosure of a matter which the public is entitled to know.

We are also of the opinion that the rule has been taken advantage of to an unwarranted degree by some operators who through its operation have been able to obtain an undue amount of money for themselves in comparison with what has been put in Company treasuries.

Accordingly the Commission has determined to abrogate the rule. In the future releases of stock from escrow will only be authorized by the Commission when the Commission is satisfied that the financial position of the Company's treasury warrants the release of escrowed shares.

The Commission is considering the advisability of making new regulations with regard to escrow and release of escrowed shares. Some such action may be expected in the near future. Meanwhile all applications for releases of stock from escrow must be accompanied by comprehensive and accurate Company financial statements.



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ONTARIO SECURITIES COMMISSION

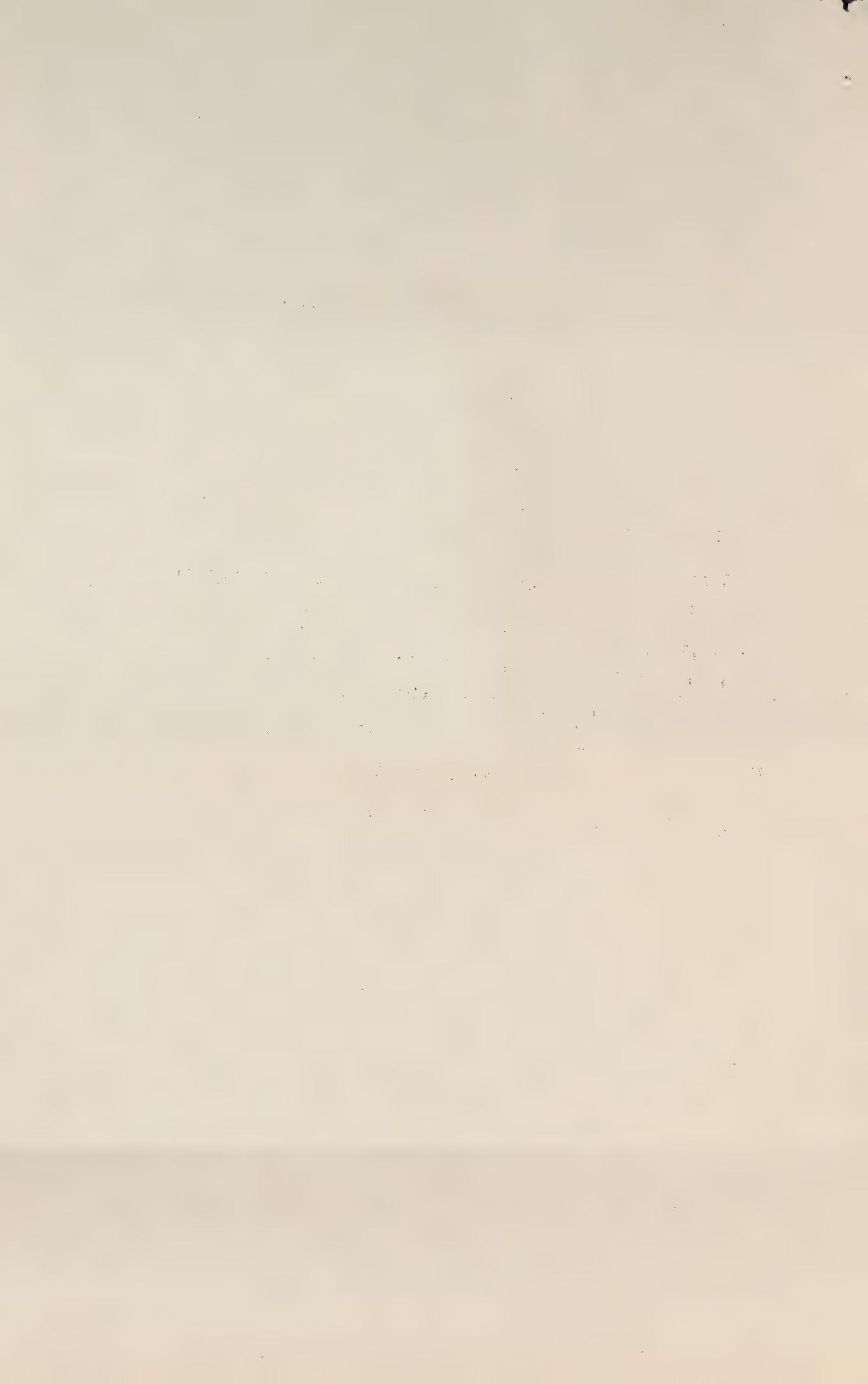
Reviews Vol 2 no 107

FOR RELEASE WEDNESDAY, DECEMBER 10th, 1947 - 4.00 p.m.

In connection with its Reviews held during the month of November, the Commission has to report in the case of Tri-Crow Exploration Prospecting Syndicate (Mr. William Slewidge, Toronto) a ruling has been made that Mr. Slewidge is no longer permitted to engage in the sale of the Syndicate units. The Commission's reasons are attached.

In one other case, upon Review, the Commission has permitted registration of a broker previously refused registration by ruling of the Chairman.





THE SECURITIES ACT - 1945  
RE TRI-CROW EXPLORATION PROSPECTING SYNDICATE  
WILLIAM SLEWIDGE  
Hearing November 26th, 1947  
REASONS

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This is an appeal to the full Commission from the ruling of the Commission made pursuant to Section 19 (2) of the Act that William Slewidge has by his conduct forfeited his right to exemption from registration as provided by Section 19 (1) clause (t), with the result that he and his associates are no longer entitled to trade in securities issued by the Tri-Crow Prospecting Syndicate.

A financial statement prepared as of the 31st of August, 1947 discloses that during a period of a little over a year, out of a total of \$25,000.00 received from the sale of Syndicate units, \$21,671.98 was expended on operating expenses, and of this only \$5,342.52 was expended on field operations. These figures are both entirely out of line with the true function of a prospecting syndicate and inconsistent with the picture relayed to subscribers by way of the circulars. In these circulars, the preparation and mailing of which made up the bulk of the costs of advertising of \$5,317.07, Slewidge described himself as a mining man who had realized his life's ambition by discovering a worthwhile mining property and was anxious to let others "in on the ground floor" to share his good fortune. In view of the trend of the circulars, the unit holders would no doubt be surprised at the amount of the expenditures and the salaries drawn by the syndicate manager and others who assisted him.

The circulars are most misleading and entirely irresponsible. The type of loose narrative employed can be more damaging than deliberate misrepresentation. We need only refer to one instance to indicate his utter lack of responsibility. He received a letter from a person unknown to him, who purported to have made a survey of the Syndicate property, and as a result was advising his "Associates" to invest in the Syndicate. A copy of a circular signed by the unknown benefactor, addressed to



associates and friends was enclosed. Mr. Slewidge was authorized to use the enclosed circular as he saw fit. He took full advantage of the permission given him. We must accept his evidence that all this was not part of a selling campaign, and that the author was in fact unknown to him. Nevertheless he saw fit to foist this fiction on the public, in which the author recounted a venture which no doubt is purely mythical, in which a fortune was made, and indicated that Tri-Crow was being selected as the next promising investment. Many persons would naturally assume that the person who took the responsibility of mailing this colourful document would have some knowledge respecting its true source. In view of the fact that the author never gave any further indication of an intention to invest in Tri-Crow, it would seem that the sole purpose of the letter was to cover up the writer's unwarranted act in helping himself to foodstuffs from the Syndicate's stores, while on the property making his so-called survey.

In our opinion Mr. Slewidge should neither be entrusted with the sale of securities nor with the expenditure of funds resulting from sales. The appeal will accordingly be dismissed.





ONTARIO SECURITIES COMMISSION

FOR RELEASE WEDNESDAY, 10th DECEMBER, 1947 - 4.00 p.m.

RE PHILMORE YELLOWKNIFE GOLD MINES LIMITED

MRS. MARY PRIMEAU

& ROBERT S. VELSEY & COMPANY

Upon its attention being called by the Registrar of the Manitoba Securities Commission and the Toronto Daily Star to the circulation of certain letters over the signature of Mrs. Mary Primeau among the shareholders of Philmore Yellowknife Mines Limited, the Commission launched an investigation and conducted examinations of several witnesses under oath.

The scheme appears to have been concocted by one, E.R. Mayall, a salesman attached to Philmore Yellowknife Mines Limited. He conceived the idea and communicated it to Mr. Philip N. Moreland, President of the Company of having a shareholder write to the other shareholders of the Company a letter asking for information on the affairs of the Company. It was hoped that the replies would provide leads by which Mayall could launch an intensive campaign to sell such shareholders more stock in the Company. A letter was prepared by Mayall and Moreland. Moreland then communicated with Mrs. Mary Primeau who wrote the letter in her own handwriting. This original letter was then lithographed and mailed from Mrs. Primeau's residence in Galt to a large list of shareholders. Mrs. Primeau received about 100 replies which she forwarded to Moreland. The selling scheme did not materialize. It was nipped in the bud when the Daily Star publicized the matter and the Commission seized the Company's records and the letters in question.

Mrs. Primeau, Moreland and Mr. Robert Velsey have all been examined. Mr. Mayall was served with a subpoena for examination under oath but died before the date set for his examination. Mr. Velsey was included among those examined because he held an option on the treasury shares of the Company and also because he had arranged for a write up of the Company's prospects in a paper known as the Financial Recorder, inserted and advertised and caused copies of the Financial Recorder to be mailed to the same list of shareholders as Mrs. Primeau had directed her letters to at approximately the same time.

The Commission has concluded that there was no breach of the Criminal Code and no breach of any provisions of The Securities Act. Mr. Mayall has died. Mrs. Primeau appears to have been a mere tool in the scheme with no financial reward. Mr. Moreland has resigned as President and director of the Company, a matter which has been made a part of the Commission's records on notice from the Company. No further action is contemplated.



1860. - The first year of the new century was a year of great interest in the history of the country.

1861. - The year of the Civil War, and the beginning of the great struggle for the Union.

1862. - The year of the Battle of Bull Run, and the beginning of the war.

1863. - The year of the Battle of Gettysburg, and the beginning of the end of the war.

1864. - The year of the Battle of Atlanta, and the beginning of the end of the war.

1865. - The year of the Battle of Appomattox, and the end of the war.

1866. - The year of the Battle of Shiloh, and the beginning of the end of the war.

1867. - The year of the Battle of Vicksburg, and the beginning of the end of the war.

1868. - The year of the Battle of Chattanooga, and the beginning of the end of the war.

1869. - The year of the Battle of Atlanta, and the beginning of the end of the war.

1870. - The year of the Battle of Shiloh, and the beginning of the end of the war.

1871. - The year of the Battle of Vicksburg, and the beginning of the end of the war.

1872. - The year of the Battle of Chattanooga, and the beginning of the end of the war.

1873. - The year of the Battle of Atlanta, and the beginning of the end of the war.

1874. - The year of the Battle of Shiloh, and the beginning of the end of the war.

1875. - The year of the Battle of Vicksburg, and the beginning of the end of the war.

1876. - The year of the Battle of Chattanooga, and the beginning of the end of the war.

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PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO, SECURITIES COMMISSION

FOR RELEASE TUESDAY, JANUARY 13, 1948 - 4.15 p.m.

As a result of investigations over some period into the affairs of Robert Mitchell and Company, Toronto, and L.V. Trottier and Company, Toronto, it has been decided to cancel their registrations with the Commission.

Mr. J.W. Armstrong of Toronto whose registration as a broker was cancelled in February, 1946, made application for re-registration. After the application was refused, Mr. Armstrong applied for review by the full Commission. On the review the Order of the Commission refusing registration was sustained.

Reasons in writing in all three cases are appended.

*G. P. McTague*  
Chairman

Toronto, January 13, 1948.







ONTARIO SECURITIES COMMISSION

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FOR RELEASE TUESDAY, JANUARY 18/48 - 4.15 p.m.

THE SECURITIES ACT, 1945

IN RE ROBERT MITCHELL AND COMPANY  
TORONTO, ONTARIO

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Some time prior to May 30, 1946, the registration of A.E. DePalma (A.E. DePalma and Company) was cancelled by Order of the Commission.

Mr. Robert Mitchell applied for registration as a broker on May 30, 1946 advising the Commission that he was purchasing the business of A.E. DePalma. The Commission was assured that the purchase was a genuine one and not one purely for the purpose of carrying on Mr. DePalma's business. An Agreement for the purchase of the business was filed with the Commission. Mr. Mitchell represented himself as a man of independent means with an education and experience fitting him for the brokerage business. Accordingly he was granted registration.

From information received and analyses of the literature being sent out by Robert Mitchell & Company, the Commission became suspicious that the operation was in fact being carried on really by A.E. DePalma and for Mr. DePalma's benefit. The Commission then applied for and obtained an Investigation Order from the Honourable the Attorney General on the 18th day of June, 1947.

The Commission's auditors conducted an audit of the Robert Mitchell and Company books. Mr. Mitchell was examined under oath on the 20th day of August, 1947 and Mr. DePalma was examined under oath on the 21st day of August, 1947. The audit was continued after these dates.

From the investigation it was established that Mr. Mitchell and Mr. DePalma had certain oral agreements aside from the written agreement filed with the Commission, indicating that Mitchell agreed to sponsor the shares of only such Companies as Mr. DePalma was interested in. It was established also that Mr. DePalma had orally agreed to guarantee Mr. Mitchell against loss and in furtherance of that guarantee had paid Mr. Mitchell the sum of \$75,000.00 to reimburse him for losses in the operation of the business for the first year. Mr. DePalma occupied an office in the offices of Robert Mitchell and Company and there is considerable evidence that he actively directed the affairs of Mitchell & Company.

The business is largely one of concentrated telephone selling. In a period of thirteen months 7438 long distance calls were made at a cost of \$19,946.22. Three salesmen, Paul Penna, Norman Osheroff and Louis Winberg, formerly of A.E. DePalma & Company, did the major part of the telephoning for Robert Mitchell and Company.

Generally the investigation goes a long way in establishing that registration should not have been granted to Mr. Mitchell who appears now to have been merely an alter ego for Mr. DePalma. It appears also that the three salesmen referred to should not have been granted registration.



Accordingly, the registration of Robert Mitchell and Company is hereby cancelled. The registrations of Messrs. Paul Penna, Norman Osheroff and Louis Wineberg are suspended for a period of six months from this date. The Chairman deems this action to be in the public interest.

It should be noted that this is the Order of the Chairman and is subject to review by the full Commission if the parties affected make application under the provisions of the Act.

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Toronto, January 8th, 1948.





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TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION

FOR RELEASE JANUARY 13th, 1948 - 4.15 p.m.

THE SECURITIES ACT, 1945

RE L. V. TROTTIER & CO.

TORONTO, ONT.

Mr. Trottier holds registration as a broker from the Commission. He appears to be engaged in a number of other activities as well. His latest seems to have come to grief to an extent and with such attendant publicity that the Commission deemed it advisable to conduct an investigation.

It appears that some Air Force Veterans conceived the idea of establishing a Veterans' Social Club which became known as 'The Flyers' Club.' Mr. Trottier undertook to finance it on a proprietary rather than a philanthropic basis one would conclude, even in spite of his protests. He took a lease of the premises at 18 Dundas Street, in his own name and spent some \$30,000.00 on renovation of the premises to make them suitable for the sale and consumption of liquor, taking a chattel mortgage as security.

The Club applied to the Liquor Control Board for a lounge license in June of 1947. This was refused. The view appears to have been taken that the real purpose was to secure a license for Mr. Trottier personally under the guise of one to a Veterans' Club. A further application was made in November, 1947 which was also refused.

Mr. Trottier apparently attempted to get around the difficulty by securing banquet permits in the names of individuals and supplying the money to buy the beer and then recouping himself and doing somewhat better by selling the beer at .25¢ per bottle. Some ten such parties took place and all went well till the police raided the Club when a University Student Club was enjoying the privileges, including a strip tease dancing female artist, at the price of .25¢ per bottle for beer in Mr. Trottier's beneficial ownership. The result was a Police Court case and a conviction accepted by the Club on the understanding that the charge would be withdrawn against Mr. Trottier personally.

It may be noted here that Mr. Trottier in his capacity as a broker was convicted of a violation of The Securities Act in October, 1946 and was fined \$200.00 and costs.

It will be said very probably that the Commission is going a long way out of its way to take cognizance of a broker's activities outside of his brokerage business. However, in this case the cognizance of the Commission was thrust upon it through the medium of the press. The investigation undertaken seems to demonstrate that Mr. Trottier is hardly the type of person to be allowed to hold registration from the Commission. It would not appear to be in the public interest.

Accordingly his registration is hereby revoked. As this is the Order of the Chairman, Mr. Trottier is entitled to apply for a review by the full Commission, if so advised.





ONTARIO SECURITIES COMMISSION

13  
FOR RELEASE TUESDAY, JAN. 6/48 - 4.15 p.m.

THE SECURITIES ACT, 1945

RE J. W. ARMSTRONG & COMPANY - J. W. ARMSTRONG

Hearing December 5, 1947

REASONS

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The registration of J.W. Armstrong & Company as a broker was cancelled in February, 1946, following a review by the full Commission pursuant to the provisions of section 82. On the 24th of November, 1947, Mr. Armstrong requested a hearing and review by the full Commission, pursuant to the provisions of section 45 (1) following his application for reinstatement being refused.

A transcript of the evidence taken on the first review heard on the 26th of January, 1946, is now available. Mr. Armstrong is apparently not the least repentant concerning the hardship he caused former customers, but for the most part takes the position that the Commission has reached a wrong conclusion, in analysing complaints and weighing the evidence. He further takes the position, as voiced by his counsel, that the acceptance of these complaints and the reports of investigators as evidence is unjust and unfair in the extreme.

In the result it was the findings of the Commission which were under review. The applicant did not take advantage of the opportunity afforded him of presenting an over-all picture of his brokerage business, in order to show that the complaints on record did not fairly reflect his trading methods. In view of the issue as raised by the applicant, we propose to refer again to the Ellis transactions in some detail as indicating that Mr. Armstrong has nothing further to offer, other than quibbling and evasions. We had this to say regarding the Ellis transactions in our former reasons.

"Mr. Ellis was a customer of Armstrong in a small way. Shortly after Ellis' death Armstrong called on his widow, whose only asset of any consequence was \$5,000.00 life insurance she had received on the death of her husband. His tactics in this instance are similar to those used on certain other occasions. He first sold her a favourably known stock (Wright Hargreaves) in the amount of \$1,250.00, and then within a few days persuaded her to switch to Sante Fe, which was not only a highly speculative, and eventually worthless investment, but the shares sold were pooled shares. Restitution was made after the Commission intervened."

He points to the statement that Mrs. Ellis' "only asset of any consequence was \$5,000.00 life insurance she had received on the death of her husband" as being inaccurate. The complaint against Mr. Armstrong at the time was in the nature of a charge of over-reaching inasmuch as he sold her a speculative stock in the amount of \$1,250.00, when her assets amounted to some \$5,000.00. On the former hearing the following



question was put to him by Mr. O'Connor, counsel for the Commission at p. 15.

"Q. I take it you would have a pretty good idea of financial circumstances?

"A. Yes, I knew that she did not have any too much money."

We accepted that answer as an admission of the correctness of representations made in the complaint respecting Mrs. Ellis' financial worth. Mr. Armstrong does not now point to any other asset but states she is a business woman. We are still not altogether clear whether she is engaged in business now, as a matter of necessity or whether she was at the time or previous to the transactions. He further submits that Mrs. Ellis' brother of Manitoba, who visited his sister for the purpose of borrowing money from her was annoyed to find that she had invested a substantial portion of her funds and that the brother was the real instigator of the complaint.

This theory, and it could scarcely be more than a theory, is not consistent with the statement made in the complaint that within a matter of days Mrs. Ellis telephoned Mr. Armstrong not to sell her Wright Hargreaves, clearly indicating she regretted the transaction from the outset and took steps accordingly on her own motion, without any outside prompting. In view of the fact that Mr. Armstrong will neither admit nor deny the assertion, it should be accepted as part of a complaint, which is true in all other material matters.

We have no reason to alter our views regarding Mr. Armstrong's sales methods. In fact our opinion has been fortified by the receipt of two further complaints, closely resembling the other transactions considered on the former hearing. We might now fairly add that the fact that all the complaints arise out of sales to women is not without significance. The ruling of the Commission is confirmed.



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ONTARIO, SECURITIES COMMISSION

[Reviews -- *NA13. no. 23*]

FOR RELEASE TUESDAY, FEBRUARY 24th, 1948 - 4.15 p.m.

Since the last Release on Reviews by the full Commission the following cases have been disposed of:-

The registration of Mr. E.G. Zavitz, salesman of London, Ontario (Ram River Oils Limited and Ram River Agencies) has been suspended for a period of six months from the 23rd day of February, 1948, by Order of the Chairman.

Mr. Frank Kaftel of Toronto, applied for review of the decision of the Commission refusing him registration as a broker. The refusal of registration for Mr. Kaftel has been confirmed.

Mr. Norman Osheroff and Mr. Louis Wineberg, salesmen of Toronto, formerly associated with Robert Mitchell and Company, applied for review of the Order of the Chairman suspending their registrations for a period of six months from the 13th day of January, 1948. Their respective suspensions have been confirmed.

Written Reasons for all of the above decisions are released herewith.







ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE RAM RIVER OILS LIMITED, RAM RIVER AGENCIES  
AND E. G. ZAVITZ, SALESMAN, LONDON, ONT.

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The Commission received complaints from various people in Woodstock, Ontario, regarding the selling methods of E.G. Zavitz and John Galbraith, salesmen of Ram River Agencies. In the main the complaints were to the effect that the salesmen agreed that they or Ram River Agencies would buy back the stock sold at the same price any time the purchasers requested them to do so. This procedure would of course constitute a violation of The Securities Act.

Unfortunately the matter was not put before the Commission in an effective way until the limitation period had expired. That being the case, the Commission does not propose to recommend to the Attorney General that a prosecution be directed.

However, the evidence obtained upon the investigation is convincing that disciplinary action should be taken. Accordingly the registration of Mr. Zavitz will be suspended for a period of six months from this date. Mr. Galbraith having left the security business in the meantime, the Commission has no jurisdiction to take any disciplinary action in his case.

This Order being made by the Chairman, Mr. Zavitz may apply for a review by the full Commission in accordance with the terms of the Act, if so advised.

Toronto, February 23, 1948.





ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

FRANK KAFTEL

RE STANDARD SECURITIES, TORONTO, ONT.

Hearing January 20, 1948

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Mr. Kaftel who is an American citizen, held registration as a salesman with the Commission until he allowed it to lapse on August 13th, 1945. He applied for registration as a broker on November 20, 1946 and was refused. He applied for review of this decision but gave notice of abandonment of the application on the 30th of January, 1947. He once again made application for registration sub nom Standard Securities and was again refused on December 20th, 1947. Having asked for a review of this decision, he appeared before the full Commission on the 20th of January, 1948.

We see no necessity to go exhaustively into his record while registered as a salesman with the Commission. Neither do we deem it necessary to deal in detail with his record when registered in the United States nor when he was adventuring in the security business in England. We were not impressed with his associations in any of the jurisdictions in which he operated. We were unfavourably impressed with his general attitude and evasiveness under questioning on the review.

We do not feel that it is in the public interest that he should hold registration with this Commission. Accordingly the decision of December 20th, 1947 refusing the registration is confirmed.

Toronto, February 23, 1948.





ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE LOUIS WINEBERG - SALESMAN

Review February 19, 1948

Mr. Wineberg who resides in Toronto, is a security salesman recently in the employ of Robert Mitchell and Company whose registration was cancelled by Order of the Chairman dated January 13, 1948. By the same Order Mr. Wineberg's registration was suspended for a period of six months.

Mr. Wineberg's efforts have been directed in the main to selling by telephone into the United States. As has been said before in the case of Robert Mitchell & Company and in the case of Norman Osheroff, Robert Mitchell & Company operated what is known on the Street as a "boiler-room." Mr. Wineberg was an important factor in that operation.

Mr. Wineberg was not content to sell only by telephone. He made several trips to the United States for the purpose of cementing his relations with customers there. While he denies doing any actual selling when over there, we are of the opinion that these trips were all part of the whole security selling campaign carried on by himself and the firm he was employed by.

It appears that Mr. Wineberg according to his own admission has been fined several times for being found in gambling houses. Evidently the Registrar regarded these as of a minor nature and registration was permitted. On the matter being developed on review, it became clear that Mr. Wineberg was not merely an occasional gambler. He was a runner or driver for a gambling house.

We consider that in the light of the evidence given on the review, Mr. Wineberg was lucky in drawing a suspension rather than a cancellation.

Accordingly we deem it in the public interest that the Chairman's Order be sustained.

Toronto, February 23rd, 1948.





ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE NORMAN B. OSHEROFF - SALESMAN

Review February 11, 1948

The above named salesman who resides in Toronto, was employed by Robert Mitchell & Company, whose registration was cancelled by Order of the Chairman dated January 13, 1948. By the same Order Mr. Osheroff's registration was suspended for a period of six months.

The Chairman's Order was largely based on his conclusions that Osheroff was an important factor in what was essentially a "boiler room" operation selling into the United States. Mr. Osheroff's commissions were very large and it appeared that he personally did a great deal of telephoning.

On the Review it appears abundantly clear that Osheroff is nothing but a high pressure salesman. He knows no other method of selling. Evidently he did make selling trips into the United States but these were really for the purpose of cultivating and sometimes comforting people who had been sold previously by the long distance telephone.

He served as a wireless air-gunner for some two years in the War. He used to be a radio mechanic. The magnitude of his commissions, some \$27,000.00 in a period of sixteen months appears to have turned his head and made him irresponsible. We think no harm will be done if his suspension is allowed to continue.

Accordingly, we believe it to be in the public interest that the Order of the Chairman be confirmed.

Toronto, February 23, 1948.



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PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION.

FOR RELEASE TUESDAY, MARCH 2nd, 1948 - 4.00 p.m.

The Chairman has to report that the registrations of three brokerage houses in the City of Toronto have been cancelled. These are - Canadian Securities (W. F. Bradley) - Walter Richardson and Associates Ltd., and G.F. Cockburn and Company.

Reasons for the cancellations are released herewith.







PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE CANADIAN SECURITIES - (W. F. BRADLEY

ORDER OF THE CHAIRMAN

As the result of many complaints mostly from the United States, the Commission has conducted an investigation into the affairs and business of Mr. W. F. Bradley, operating as a broker in the City of Toronto under the name of Canadian Securities. Mr. Bradley and his office manager, one, Barrett, have been examined under oath. From their evidence and from the audit made by the Commission Auditors there is revealed a state of affairs making it incumbent upon the Commission to deal with the case on a basis of policy.

From Bradley's admissions and the audit, it seems clear that Bradley's business is limited to dealings in the stock of one mining company, Trans-Canada Mines Limited. It seems clear as well that about 95% of the business done is by solicitation by telephone and mail into the United States. Barrett as optionee has been taking down the stock at .14¢ a share, selling it to Bradley at .19¢ a share, who in turn has been selling to the public at .35¢ a share. During a good part of the time while distribution has been taking place to the American public at .35¢ a share, the stock has been selling over the counter in Toronto at .06¢ to .09¢ a share.

Under the Ontario Securities Act registration is granted brokers and dealers for the primary purpose of trading in securities in Ontario. It may be that sales may be made in Ontario in a legitimate way to residents of the United States. However, registration surely cannot be obtained in Ontario practically entirely for the purpose of selling securities in the United States not qualified there and by methods contrary to the laws of that Country and the various States of that Country. We do not deem it to be in the public interest that we should license brokers and dealers for the purpose of permitting them to violate the security laws of another Country on a wholesale basis.

It is not altogether fair to other dealers who make a sincere effort to avoid infringing American laws to permit others to conduct their business as Bradley has been doing. Neither do I deem it in the public interest that there should be so little evidence of responsibility to customers who have purchased securities that the price over the counter is permitted to find a level in the over the counter market of only 20% of the selling price at which it is being offered by high pressure methods to new customers.

The registration will be cancelled. As this is the Order of the Chairman it is subject to review by the full Commission if proper steps are taken under the Act.

TORONTO, MARCH 1, 1948.





PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

WALTER RICHARDSON AND ASSOCIATES LTD.

TORONTO, ONTARIO

ORDER OF THE CHAIRMAN

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The above-named Company was granted registration as a Broker on November 14, 1947. At the time of registration it received instructions from the Commission as to the nature of the books to be kept and as to the amount of free capital required in its operations.

In the course of a routine audit by the Commission in January, 1948, it was found that no proper set of books had been set up and that free capital was virtually non-existent. Officers of the Company then conferred with the Commission and undertook to have set up and maintained a proper set of books and to supply extra free capital. At January 31, 1948 it was ascertained that balance to the credit of the Company amounted to \$38.16.

One of the officers of the Company on January 12, 1948 deposited \$2,000.00 to the credit of the Company but on subsequent check up it was ascertained that promptly on January 14, 1948 the whole amount had been withdrawn by cheque to the gentleman who had made the deposit two days before. It would appear that this registrant has little appreciation of its responsibilities and has been trifling with the Commission. It is not considered in the circumstances that it is in the public interest, indeed from point of view of the public it is dangerous to allow the registration of this Company to continue.

Accordingly, the registration is cancelled. It is perhaps unnecessary to add that this being an Order of the Chairman, the registrant has a right to a review upon complying with the requirements of the Act in that regard.

TORONTO, MARCH 1, 1948.





PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE G. F. COCKBURN AND COMPANY

TORONTO, ONTARIO

ORDER OF THE CHAIRMAN

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The registration of Cockburn and Company was cancelled by Order of the Chairman in April of 1946, in connection with certain circulars and advertising matter. On review, the Commission decided to give Mr. Cockburn another chance and modified the Order of cancellation to one of suspension for some three months.

Until very recently the Commission has had no complaints with regard to the operations of this broker. In the last month or so the Commission has been deluged with complaints not only from individuals in the United States but from some of the Securities Commissions there and from some important Canadian Associations as well.

As a result, an investigation has been undertaken. From this it is revealed that Cockburn and Company have been engaged in wholesale circularizing to a mailing list in the United States of some 300,000 names. Apparently in the month of January alone some 93,000 persons have been circularized in the United States.

In the Bradley case, the Chairman has taken the viewpoint that it is not in the public interest that the Commission should license brokers and dealers for the purpose of enabling them to violate the security laws of another Country on a wholesale basis. Ontario registration is granted for the primary purpose of permitting registrants to sell securities in Ontario. It must not be used purely as a subterfuge for the purpose of violating the securities laws of another Country with impunity.

Accordingly the registration of Cockburn and Company is hereby cancelled. This being the Order of the Chairman, it is subject to review by the full Commission upon proper steps being taken under the Act.

TORONTO, MARCH 1, 1948.



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TORONTO, ONTARIO

ONTARIO, SECURITIES COMMISSION

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FOR RELEASE THURSDAY, MARCH 11, 1948 at 4 p.m.

The Securities Act, 1947 has been proclaimed as of March 9th, 1948.

By Order in Council of the same date Mr. O.E. Lennox, K.C., one of the Commissioners has been designated as Vice-Chairman of the Commission.

The first Regulations under the new Act have been approved by the Lieutenant Governor in Council and in due course will appear in the Ontario Gazette.

The most important changes from the Regulations under the 1945 Act have to do with the bonding requirements and registration fees payable.

As the Chairman pointed out in a statement made recently, the Commission has been operating with a substantial surplus. It is thought reasonable that the cost of operating the Commission should be paid by those engaged in the security business but that they should not be obliged to pay anything above operation costs. Accordingly the following reductions have been made in registration fees payable:-

For a broker, investment dealer or broker-dealer operating in the Cities of Ottawa, Toronto, Windsor or London - \$150.00 - reduced from \$200.00.

For a broker, investment dealer or broker-dealer operating in Cities of Ontario other than Ottawa, Toronto, Windsor and London having a population of 25,000 or more - \$100.00 - reduced from \$200.00.

For a broker, investment dealer or broker-dealer operating in centres having a population of less than 25,000 - \$50.00 - reduced from \$200.00.





For a Company for registration as a security issuer - \$150.00 - reduced from \$200.00.

Most other registration fees remain the same although there are some increases in respect to filing of prospectus.

In view of the fact that practically all registrants other than salesmen, sub-broker-dealers and investment counsel will now belong to Associations requiring regular audits, the bonding requirements in regard to brokers, investment dealers, broker-dealers and security issuers will be eliminated. Bonds will still be required in the case of salesmen and investment counsel. A bond in the amount of \$1,000.00 will be required in the case of sub-broker-dealers.

It is expected that some amendments to the Act itself will go before the Legislature in the current Session.

The Chairman also wishes to announce with regret the resignation of Mr. W.M. Wismer from the legal staff of the Commission to become the Secretary of the new Broker-Dealers' Association. It is felt that Mr. Wismer's experience and knowledge of the work of the Commission will prove of immense value to the Broker-Dealers' Association and go a long way towards assuring full cooperation between the Commission and the Association.



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ONTARIO. SECURITIES COMMISSION

FOR RELEASE TUESDAY, APRIL 20th, 1948 - 4.00 p.m.

On the direction of the Honourable the Attorney General the Report of the Commissioners, Messrs. O'Connor, Collins and Wetmore who conducted the Investigation into the trading of shares of Eldona Gold Mines Limited during the period August 15th to September 30th, 1947, is released herewith for publication.

As will be noted from a perusal of the Report, no prosecutions are recommended. This is no doubt due to the fact that under the Criminal Code section relating to manipulation of markets there is no crime unless the manipulation is carried out in conspiracy.

Representations have been made to the Department of Justice at Ottawa that market manipulation and more particularly washed sales should constitute a crime if carried out to affect the price of securities artificially and not for bona fide market support whether conspiracy can be proved or not. The representations made by the Commission have been treated most sympathetically by the Rt. Honourable the Minister of Justice and the Commission is optimistic that suitable amendments to the Criminal Code will be submitted to Parliament during the current Session.

It is to be noted as well that shortly after the Eldona trading episode the Toronto Stock Exchange amended its short selling rule along lines recommended by the Commission. This undoubtedly has already had a very beneficial effect.

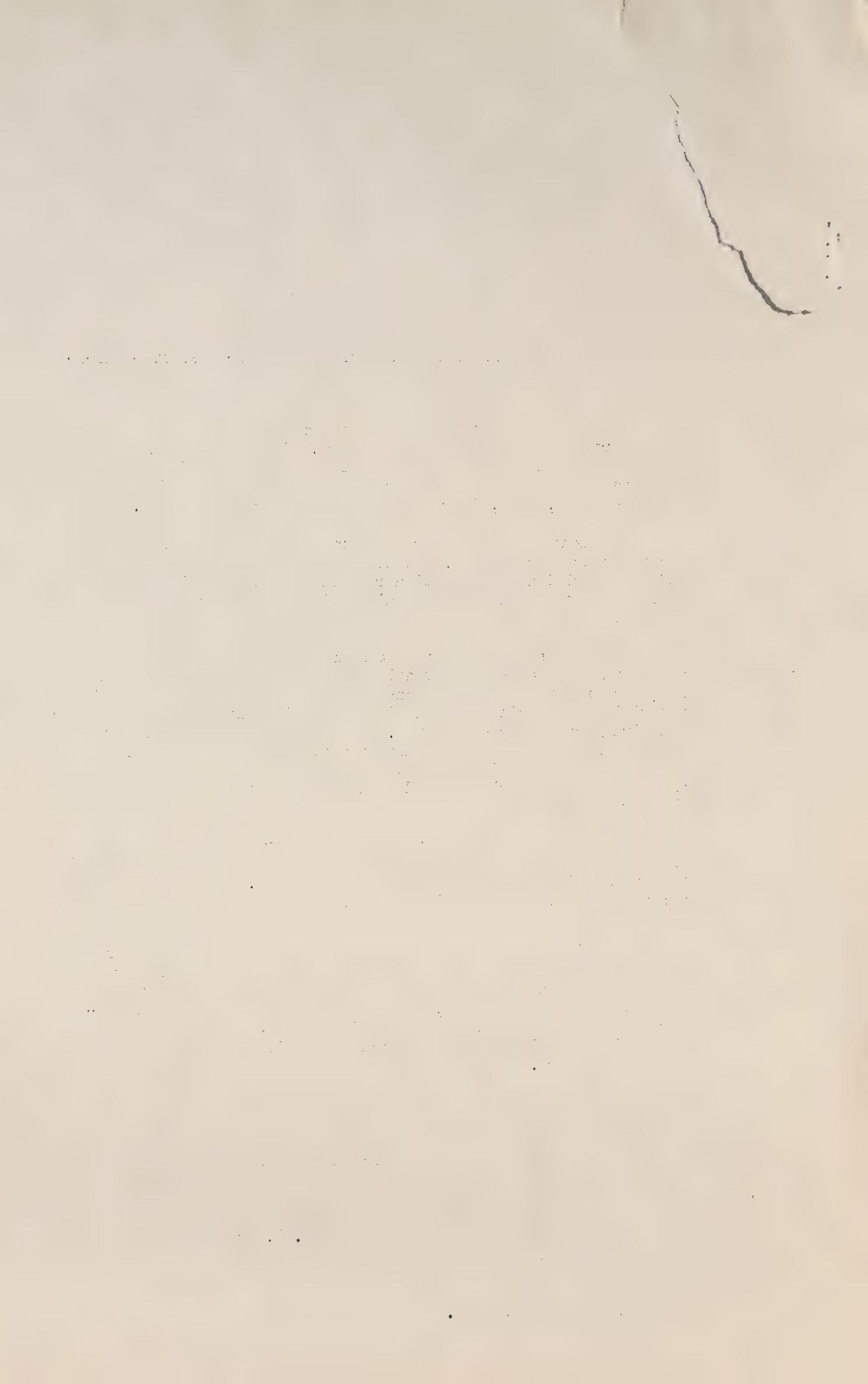
With amendments to the Criminal Code along the lines recommended by the Commission with the concurrence of the Toronto Stock Exchange and the new and more effective shortselling rule introduced by the Exchange, market operations such as those concerning Beaulieu Yellowknife Gold Mines Limited and Eldona Gold Mines Limited will become increasingly difficult for professional market operators.

ONTARIO SECURITIES COMMISSION

C. P. McTAGUE  
CHAIRMAN

TORONTO, APRIL 20th, 1948.







ONTARIO SECURITIES COMMISSION

Honourable L. E. Blackwell, K.C.,  
Attorney General for the  
Province of Ontario.

This report is made pursuant to section 29 of The Securities Act, 1945, as a result of an Investigation Order issued by you under section 27 on the 12th day of September, 1947.

This is a report on the trading in the shares of Eldona Gold Mines Limited during the period 15th August to 30th September, 1947.

Eldona Gold Mines Limited was incorporated on 19th January, 1944, with an authorized capital of 3,000,000 shares which was increased to 4,000,000 on 16th December, 1946, of which 3,500,000 shares were issued at the commencement of the period under review. The shares were listed on the Toronto Stock Exchange on 17th January, 1945. The Company owns claims in Rouyn Township, Quebec, and a considerable amount of surface work and diamond drilling had been done up to August, 1947. A shaft had been sunk and lateral work was also in progress on two levels. The treasury was reported to have had some \$150,000.00 on hand at this time.

L. R. Brooks, among others, had, at various times since the incorporation of the company, interested himself through some of his trading companies and associates in providing finances for Eldona by means of underwritings and options of the company's shares. In all he has, by these means, furnished \$886,240.00 to the Eldona treasury at an average price of .50¢ per share. This sum includes the amount paid in during the period under review.

Tricorn Trading Company Limited, a company solely controlled by Brooks, had entered into an underwriting and option agreement covering 1,000,000 shares on 16th December, 1946, and had taken down 500,000 shares as of 2nd July, 1947. A further payment for 100,000 shares at .60¢ was due on this date. This payment had not been made. The market price of Eldona on the Toronto Stock Exchange was around .40¢ at this time. About the beginning of August Brooks, the Eldona directors and Lloyd Chamberlin, the consulting engineer, agreed on a new plan of drilling, and Brooks arranged with the directors to revise the option price of the remaining 500,000 shares. Brooks left Toronto shortly thereafter with the intention of going to California, but received word when in Chicago that one of the new series of drill holes had cut an interesting section of ore. He returned to Toronto and a new underwriting and option agreement which had been agreed upon previously was executed. It was dated 15th August and was between Eldona Gold Mines Limited and Stuyvesant-North Limited and provided for a firm purchase of 200,000 shares at .35¢ payable by 22nd August, 1947, and an option on the remaining 300,000 shares as follows - 100,000 shares at .40¢; 100,000 shares at .50¢; 100,000 shares at .60¢ to be taken up by 12th February, 1948. The total amount to be paid under this agreement was \$220,000.00 - \$70,000.00 at 22nd August, 1947 and \$150,000.00 on or before 12th February, 1948.



Stuyvesant-North Limited is another company solely controlled by Brooks and practically all of his trading in Eldona, for the period under review was done in the name of Stuyvesant-North Limited. We will, however, for the sake of clarity refer to the trading and the brokerage accounts as being those of Brooks personally.

As at the date of the option agreement Brooks was long 12,500 shares, having acquired those in the open market prior to 15th August at an average price of .28¢. The price range on the Toronto Stock Exchange on 15th August, 1947, was .32¢ to .45¢.

Perhaps here we should mention a word or so in explanation of Brooks and his activities. He is not a broker. He perhaps can best be described, in his own words, as a promoter of mining companies. He is widely known in brokerage and mining circles as a large scale market trader and sponsor of numerous mining prospects. His sponsorship is conducted almost exclusively through the medium of the Toronto Stock Exchange. His trading is mainly done through members of the Exchange and he has always paid the regular commissions on all his trading. This trading is often done in the name of various limited companies which he incorporated for this purpose and for the purpose of financing various mining companies in which he is interested. His trading is of such a nature that some dozen member houses have direct wires from their offices to his in order to more efficiently execute his orders. Needless to say he has a large following, not only among professional traders, but among that portion of the general public interested in speculating in mining stocks. Here it should be stated that Brooks is just one of a number of promoters whom our mining industry has attracted who operate in a similar manner, some, of course, to a lesser degree than others. This is mentioned in case the impression is given that the operation in Eldona was something new. It was novel only in its magnitude and the rapidity of action in the rise and fall of the price of the stock. Reduced to simplicity the operations of Brooks and other sponsors of mining stocks is this. An underwriting or option is obtained from a company on a block of its unissued treasury shares at prices agreed with the directors. The sponsor then endeavours to distribute to the public the shares taken down under such an agreement. The difference between the underwriting and option price paid by the sponsor and the sale price to the public represents his gross profit or loss. If the sponsor is a broker and the shares are not listed on the Exchange the distribution is direct to the public by him. If, as in the Eldona operation, the sponsor is not a broker and the shares are listed, the distribution is made to the public through the trading of the sponsor on the Exchange. Brooks' primary purpose therefore was to distribute to the public the shares of Eldona to which he was entitled at a price higher than the price he paid to the Eldona company. He hoped the news from the mine would be such that the public would become interested in purchasing Eldona on the Exchange and thus allow him to sell his shares at the increased price.

On the face of it then, as at 15th August, his main object would appear to have been to sell stock. A schedule of his trading for the period 15th August to 30th September is appended hereto and marked "A". From this the magnitude of the Eldona operation is seen. Some 14,000,000 shares were traded on the Exchange during this period of thirty-two trading days. Brooks bought some 2,700,000 and sold some 2,500,000. On each of the three days, 26th August, 27th August and 10th September, over 1,000,000 shares were traded, the price rising in nine trading days from a low of .32¢ to a high of \$2.60, and in the following nine days falling again to a low of \$1.00. Brooks finished the period long 242,300 shares at an average price of \$1.83 per share, at which time the bid price on the Exchange was \$1.03, an apparent loss to him at 30th September of over \$190,000.00.

Our task has been to try to establish the reason for the market behaviour of Eldona during the period under review.



For some time prior to 15th August the market generally had been in a very lethargic state. The public had displayed little interest in it. However, the publication of the first piece of encouraging news from the Eldona property brought a surprisingly large public response. This, naturally, resulted in an increase in the price. The price increase was followed by still more public and professional activity. As is usual, heavy public participation in the market is accompanied by rumours.

Brooks in his evidence bitterly protested the malicious rumours which he says were directed against him personally by a clique of professional short sellers with the intention, as he claims, of breaking the market. On the other hand many of the rumours, the origin of which could not be established, as to the potential value of the property based, in the main, on wishful thinking, bordered on hysteria. Eldona's proximity to Quemont naturally induced comparisons. These things are mentioned now to impress the important part that rumour and gossip always play in any market operation in which the public is heavily participating.

However, let us turn to Brooks' trading as it is by far the largest and analyse it in some detail.

Schedule "A" which shows the trading of Brooks for the period from 15th August to 30th September, 1947, was prepared from the records of Brooks. All members and member firms of the Toronto Stock Exchange were instructed by the Commission to answer a questionnaire with reference to the trading in Eldona for the period from 15th August to 12th September, 1947, and the information supplied was used in verifying the figures obtained from Brooks' records relating to that period. Although a similar verification was not available on the trading for the balance of September, we are of the opinion that the figures used in the schedule are substantially correct.

Brooks used twenty-three brokers in all, only three of whom are not members of the Toronto Stock Exchange, viz., T.L. Brook & Company and Picard & Fleming of Toronto, and G.E. Leslie & Company of Montreal.

His sales through T.L. Brook & Company totalled 481,400 shares. Many of these sales were known as "off the Exchange" transactions that is, they were sales direct from Brooks of part of his optioned stock. The deliveries were made through T.L. Brook & Company who merely acted as a clearing agent for him. The price was fixed by Brooks and was always within a cent or two of the prevailing market price. Most of these shares were liquidated by the purchasers almost immediately in the open market. At first glance it is difficult to understand these transactions as the only benefit to Brooks was in securing short term financing. He admitted that in supporting the market he often would be obliged to repurchase the shares at increased prices. Many of the recipients of such shares were employees either of him or of Eldona Mines and sales were made to them at below the market price as a reward for services.

A large number of the total shares sold through T.L. Brook & Company were allocations by Brooks to professional traders of a portion of his daily purchases on the Exchange and it is possible that because of previous arrangements for allocations of this kind, Brooks, on some days, purchased more stock than he ordinarily would have done, and by these amounts his trading is shown at inflated figures. However, with the exception of the allocations to H.R. Bain hereinafter mentioned, it was impossible to assign the purchases to specific days and therefore



the trading is shown on the schedule at the gross figures shown in Brooks' records.

Bain, who is a Toronto broker and a member of the Toronto Stock Exchange was interested in the Eldona property and thought highly of it. He was long a substantial block of shares which he had purchased prior to the present operation. As Bain wanted to accumulate additional shares and take a position in the stock he and Brooks entered into an arrangement whereby the latter allocated to Bain a proportion of his purchases and sales. The exact amount was settled after each day's trading and did not follow any set pattern. Bain thought that in this way he would be able to buy and sell at more advantageous prices than if he went into the open market himself.

The arrangement commenced to function on 25th August and from that date until it ended on 5th November, Brooks purchased for Bain a net total of 73,450 shares at a cost of \$124,659.45 or an average of \$1.70 per share. Bain, in the meantime, had been trading in Eldona through his own brokerage facilities and also liquidated some of the shares which he had acquired from Brooks through the same facilities. On 6th November, however, he was long a large block of stock at a price considerably above the current market.

Examining Schedule "A" it will be seen that Brooks' trading on 15th, 18th and 19th of August followed the conventional pattern of selling in anticipation of takedowns under his agreement with Eldona and buying sufficient quantities which he says he felt it was incumbent upon him to do in order to maintain an orderly market.

On 20th August a block of 200,000 shares was taken down from the company. Brooks continued to sell in anticipation of further takedowns and on 27th August the final block of 300,000 shares was paid for, well in advance of his commitments. It should be noted, however, that on both the 21st and 25th of August, Brooks purchased more stock than he sold. The buying on the 21st was apparently in anticipation of good news from the mine which was received by Brooks prior to the opening of the market on the 25th. The assay results relating to hole U36 were of a sensational nature and on the 25th Brooks bought heavily for the purpose of accumulating stock in anticipation of a rise in the market price. It was on the 25th that, for the first time during the period under review, the market price of Eldona reached the \$1.00 mark. It is apparent that Brooks' buying on the 21st and 25th would have an appreciable effect on the market price of the stock and on the 26th he again sold at higher prices.

At the close of trading on 26th August Brooks was in a profitable position in that he had liquidated almost enough stock to absorb the balance of the takedowns under his agreement and his sales had been at prices higher than called for by the agreement. His trading now entered a new phase. He had completed distribution of the stock purchased under the agreement and his subsequent trading appears to have been governed by the development results at the property and the market prices and actions of the stock.

The sensational drill results on hole U36 were published in the Toronto daily papers on the afternoon of 26th August, and in the morning of the 27th, but it can be assumed that because of the very effective communication system among the brokerage fraternity, brokers and professional traders in addition to Brooks were aware of the results well in advance of their publication in the daily press. Proof of this is in the volume of trading on the Toronto Stock Exchange on the 26th which exceeded 1,073,000 shares.



The following day, 27th August, the Toronto Stock Exchange volume exceeded 1,286,000 shares and the stock reached \$2.60 per share, which was its high point during the period under review, but Brooks purchased 217,600 shares as compared with his sales of 58,000 shares. He says he was the object of widespread malicious rumours calculated to break the price of the stock, and that this necessitated his heavy buying on this day, in order to maintain the price level. We could not find any evidence that the stock was under any pressure on the 27th by the group that Brooks has accused of acting against him. Short selling on the 27th was negligible but there was a general liquidation of holdings as evidenced by the large volume of trading recorded on the Exchange. This liquidation was perhaps due to profit taking because of the high market price of the stock. Brooks' trading on this date resulted in a long position of 174,800 shares, and throughout the balance of the period under review he maintained a long position.

Brooks' trading from 28th August to 9th September appears to have been designed to maintain the price within a reasonable range, upon the assumption that the values in U36 would be continued in the subsequent drilling. The results of U41, which was being drilled to prove the downward extension of the ore body indicated by U36, were awaited with great expectations.

The assays of hole U41, which were disappointing, were known to the Street after the close of the market on 9th September, and immediately after the opening on the 10th a wave of selling hit the market and again over 1,000,000 shares were traded on the Exchange during the day. There was no bid at the opening on the 10th and almost immediately after the opening the stock sold as low as \$1.25 per share as compared with its close on the previous night of \$1.68 - \$1.69. Brooks has said that on this day he decided to "sell along with the rest" as he was convinced that the stock was again the object of a large scale raid and that by selling he would be in a position to support the market later. His net sales for the day exceeded his purchases by 77,600 shares. Our analysis of the trading on the Exchange on the 10th shows that short selling totalled 64,900 shares, with L.A. Chesler being the largest short seller with a volume of 39,700 shares. The stock sold as low as \$1.00 and closed at \$1.10 - \$1.11.

The trading on the Toronto Stock Exchange on 16th September was investigated by the Exchange as it was in reference to this day in particular that the rumours of large scale short selling reached their peak. Selling reached a high volume late in the day and in the last twenty minutes of trading on the Exchange a total of 106,900 shares representing approximately 19% of the day's total were traded. Brooks claims he was forced to buy the bulk of these shares, and, in fact, did buy a total of 166,300 shares during the day. He was again of the opinion that there was a large scale raid on Eldona accompanied by short selling calculated to break the market price. However, the Exchange Auditor has reported that on that day a total of only 20,400 shares were sold short and we have no evidence of any concerted raid on the stock.

At the end of September Brooks was long 242,300 shares at a net cost of \$444,701.59.

As previously stated, during the operation, Brooks employed twenty member brokers, two non-member brokers and one Montreal broker for the purposes of his trading. His reasons for the use of such a large number of brokers was three-fold, (1) to generate wider interest in the stock, (2) to keep the goodwill of the brokers by distributing his commissions and (3) to disguise or conceal his operations from the other floor traders and professional traders. A very large amount of his trading was done through jitney brokers, in some cases upon his instructions, and in many cases at the discretion of the originating broker. Under the By-Laws of the Stock Exchange a member of the Exchange is entitled to employ any other member for the purpose of executing orders on the floor of the Exchange. This ordinarily arises when a broker is too busy to execute all of his orders through his own traders. Some members have no traders and employ jitneys exclusively. It is admitted by the members



and floor traders examined by us that it is common practice for a broker who is known to be associated with a particular client or stock to trade in that stock through a jitney if he wishes to conceal his trading from the other floor traders. We do not criticise such a practice as we do not feel there is any duty on a broker in such a position to refrain from endeavouring to conceal his client's trading.

However, in such a large scale operation as Brooks conducted, the use of so many brokers, as many as fourteen in one day, and the widespread use of jitneys resulted in many trades being completed where Brooks was both the buyer and the seller. Schedule "B" sets out in detail the number of such transactions that were verified by reference to the actual Exchange tickets, the brokers' reports and other information in our possession. Such transactions where there is no change in the beneficial ownership of the security are known in trading parlance as "wash sales" and are commonly recognized as illegal if done in conspiracy with another for the purpose of creating a false or misleading appearance of active trading in a security. Schedule "B" indicates that there were definitely established ninety-nine such transactions covering 132,100 shares. Schedule "C" is a summary of the volume of trading on behalf of Brooks by all of his brokers including the jitney transactions on the Exchange. The transactions in which Brooks appears as both buyer and seller arose in the following manner:-

	<u>Number of Transactions</u>	<u>Number of Shares</u>
Transactions where no jitneys were used	16	31,900
Transactions involving selling jitneys only	75	90,800
Transactions involving buying jitneys only	2	3,000
Transactions involving both selling and buying jitneys and in which Cannon was the originating broker on both sides of the transactions	6	6,400
	99	132,100
		—

We believe there were many more such transactions but due to the tremendous volume of trading during the period, the large number of trades at the same price and the time element involved, a complete analysis was impossible. Consequently, we have not taken into consideration any such trades that are incapable of verification.

Brooks and his brokers have an explanation for these so-called wash sales. Brooks has testified that he never intentionally washed a sale and his brokers have testified that they never intentionally washed a sale on his behalf. For example they pointed out that their floor traders executing a buy order on behalf of Brooks would have no knowledge of the name of the client of the selling broker and consequently would be unaware that Brooks was appearing as both buyer and seller in the transaction. They further stated that jitney brokers receiving orders from originating brokers are not advised of the name of the client for whom they are executing the order. Brooks stated that these wash sales were purely accidental and arose by reason of his heavy trading. For example, he stated that with his principal broker, Cannon, he placed large sell orders giving the broker discretion as to the price within a certain range. Such an order might be placed in the morning. Later in the day he might place a buy order with another broker in an effort to support the market which might be under pressure. As Cannon would not have completely filled the morning sell order it could quite easily be matched with the buying order without the knowledge of either broker or the intent of Brooks to wash the transaction. He further pointed to the very small percentage of wash sales to the overall trading during the period, about 1%, as evidence of his lack of intent to create a false appearance of active trading.



It has been alleged by Brooks, both privately and publicly, that, from time to time throughout the operation, Eldona was the object of vicious raids designed to break the price of the stock and that these raids were featured by large scale short selling with the consequent result that Brooks was forced to buy large blocks of shares in support of the market. He has stated that the prime mover in these raids was L.A. Chesler, a customers' man employed with the member firm of Draper Dobie & Company.

In view of the obvious seriousness of the allegations, particular attention was paid to this phase of the investigation. Schedule "D", which is a summary of short selling and short covering by persons trading 5,000 shares and over, sets out by days the total number of shares sold short, the number of shares bought to cover, percentage of the Exchange volume and a comparison with the daily net trading by Brooks through the Exchange.

Short sales took place on each day covered by the schedule, the total amounting to 514,300 shares compared with total sales on the Exchange of over 11,000,000 shares. Expressed in percentages, short sales were 4.6% of the Exchange volume. On no one day, with the possible exceptions of 15th August and 11th September, did short sales amount to any substantial percentage of total sales on the Exchange. It cannot be argued that the short sales on 15th August contributed in any way to the difficulties of Brooks as they took place and were covered prior to any large scale recessions in the market price. The short sales on 11th September are in a different category, however, and will be dealt with hereunder.

Short selling was highest in actual share volume on the following dates:-

20th August	61,600 shares
25th August	54,300 shares
10th September	64,900 shares
11th September	49,000 shares

The principal short sellers on 20th August were Chesler (25,000 shares) and H.W. Knight, Jr., a partner of Draper, Dobie & Company (11,000 shares.) These short sales were covered on the following two days and did not appear to have any serious or even appreciable effect on the market price. The short sales on 25th August were, in the main, an accumulation of a large number of sales in moderate amounts by the general public and they were in practically every instance covered within the next two days at a loss. Here again they had no apparent effect on the market price.

The short sales on 10th and 11th September were principally by Chesler, 39,700 shares on the 10th, 26,800 shares on the 11th, and H.W. Knight, Jr., 8,200 shares on the 10th. It was on 10th September that the market price of Eldona broke sharply to around the \$1.00 mark from a close of \$1.68 the previous day. Immediately on the opening the stock sold off to \$1.25 with little or no support, but it cannot be said that the short sales of Chesler and Knight contributed to the break as their sales took place after the sharp opening recession and at prices ranging from \$1.06 - \$1.20. Similarly the short selling by Chesler of 26,800 shares on 11th September took place after the break in the market price. It is only fair to say, however, that the short sales by Chesler on 10th and 11th September did not help Brooks' situation and only added to his troubles at a most difficult time. In fact Chesler has admitted that such was his purpose.

Chesler continued to sell short up to the end of September. Schedule "E" has been prepared showing particulars of his trading up to 24th October. He commenced trading by assuming a temporary short position of 25,000 shares on 20th August. He covered on 22nd August and did not trade again in Eldona until 10th September when he took a definite substantial short position. During the period 22nd August to 10th September the price of Eldona was subject to moves upward and downward but none of these fluctuations can be attributed to any trading by Chesler.



H.W. Knight, Jr., has been mentioned in this report as having sold short on various occasions and it has been alleged by Brooks that he was a member of the group which attempted to break the market price of the shares. We find that although Knight did sell short on occasions, his trading was not for the purpose alleged. He traded extensively, the totals being 294,700 shares bought and sold during the period 19th August to 8th October, but he was principally on the long side throughout and his trading obviously consisted of trying to follow the market action of the stock to his advantage. In this he was unsuccessful.

Brooks has stated that on 16th September in particular Eldona was subjected to a heavy raid the latter part of the day accompanied by large scale short selling. We have reviewed the Exchange report and it, together with other information in our possession, has led to the conclusion that no raid did in fact take place, nor was short selling particularly in evidence. A total of 572,025 shares were sold on the Exchange during the day. Short sellers were twenty-seven in number; their total short sales amounting to 20,000 shares, an average of less than 1,000 shares per person. The largest individual short sale was for 5,000 shares. Selling by member firms for their own and partner accounts was moderate and of no significance with one possible exception, namely, a partner of Draper Dobie & Company who sold 20,000 shares in liquidation of a long position carried over from trading on previous days. On the other hand, liquidation by the general public was quite evident. On this day Brooks, after selling 130,000 shares on the Exchange, repurchased 166,300 shares, the bulk of which he claims was in support of the market.

Nowhere throughout the entire period was there evidence of any organized selling or short selling and we must find that Brooks was in error in contending that it was pressure from these sources that was responsible for the break in the market price. On the contrary, trading in and out of Eldona was widespread and general by all classes, broker, professional and public, and the market was very sensitive to news, good or bad, from the property as well as numerous rumours which were circulating around Bay Street during the operation.

We have appended as Schedule "H" an analysis of the trading for the period 15th August to 26th August and 10th September which classifies the purchases and sales of the various trading groups showing the participation percentage of each group.

As has been previously mentioned in this report, the member firm of J.P. Cannon & Company acted as the principal broker for Brooks' trading on the Exchange. During the period 15th August to 30th September, 1947, they purchased for the account of Brooks 539,200 shares and sold for his account 1,134,100 shares. Their representative, J.T. Cannon, who is a partner and their chief trader on the Exchange, was closely in touch with Brooks during the operation and, according to Brooks, was kept fully informed of developments throughout.

Members of the Cannon family, principally J.T. Cannon, traded extensively in Eldona, and in view of this, and the more or less preferred position of this member firm, Schedule "F" has been prepared setting out details of the family's trading in Eldona during the period. It will be noted from Schedule "F" that they purchased 519,300 and sold 517,800 shares for an apparent profit of approximately \$44,000.00. It has been suggested that J.T. Cannon had traded against Brooks from time to time. A comparison of the Cannon trading with the trading of Brooks through J.P. Cannon & Company was made and is shown on Schedule "G".

We did not find that Cannon traded against Brooks, but are of the opinion he greatly benefited as the result of his preferred position in relation to Brooks.

We have commented at some length on the highlights of the Eldona trading during the period under review and we now propose to summarize generally.

Dealing firstly with the allegations of illegal short selling we are of the opinion that the short selling regulation which was then in effect and read - "No short sale of a security shall be made on this Exchange below the price at which the last sale of a board lot of the security was effected on the



"Exchange" was not consistently observed. Experienced floor traders have advised us that due to the lack of any provision for notification whether a sale was short or not, the floor trader was often unaware of the situation and consequently had no opportunity to observe the intention of the regulation.

We have been unable to prove its non-observance for the following reasons. During such a tremendous volume of trading the timing of the Exchange tickets did not necessarily represent the actual time of the transactions. The only recorded time shown for any transaction was on the Exchange tickets which were filled in from information on the floor slips made up by the selling floor trader at the conclusion of each transaction on the floor. The selling trader then had the buying trader place his initials on the floor slip and only then was it handed to the trading post for time stamping. The floor slips accumulated in considerable numbers in the hands of the traders before being handed to the Exchange clerk, so that when he did have an opportunity to time stamp them, the time stamped did not always represent the time of the execution of the transaction. It will be seen that in a busy market such as Eldona it is conceivable that several minutes might elapse before the slips are stamped and that the trades might not show in their proper sequence. Thus we were unable to definitely prove violations of this By-Law. This is not a criticism of the machinery of the Toronto Stock Exchange, which, we are told, is the most modern on the Continent. It appears to be an insoluble problem which arises in such unusually heavy trading operations. Since our investigation was commenced the Toronto Stock Exchange has amended its short selling regulation so that its intention can be more easily enforced and violations more easily detected. We are told now that the amended regulation has worked satisfactorily to date.

Secondly as to Brooks' method of trading, as we stated before, he followed a pattern which has been common on the Toronto Stock Exchange for some years. It is known as trading in support of a market. However, mere custom will not make it legal if it is, in fact, in breach of our Criminal Code. The section of our Code which refers to market manipulations is section 444 which reads in part as follows - "Everyone is guilty of an indictable offence and liable to seven years imprisonment who conspires with any other person by deceit or falsehood or other fraudulent means.....to affect the public market price of stocks, shares.....where such deceit or falsehood or other fraudulent means would or would not amount to a false pretence as hereinbefore defined." The gist of the offence under the section is that the manipulation must be done in conspiracy with one or more persons and must be effected by deceit, falsehood or other fraudulent means.

The deceit or falsehood contemplated by the section are not confined to false statements or reports but, in our opinion, a course of conduct such as a method of trading, if fraudulent and done in conspiracy with another, would constitute a breach of the section.

We cannot find that Brooks or any other traders acted in conspiracy in such a manner as to bring them within the provisions of section 444. Consequently we do not recommend any prosecutions.

Here we point out that the practice of supporting a market by trading on balance as known on the Toronto Stock Exchange is not permitted in the United States. There the facilities of National Stock Exchanges are not used to effect primary distribution of securities. They are used only to effect trading transactions or secondary distribution. We realize that the same problem of financing speculative mining ventures does not present itself to the American public as to us. But we nevertheless feel that a Stock Exchange, being a public market place, no person or persons should be allowed through a method of trading to be able to dictate the price of a stock at any given time. The public is entitled to expect that the price quotations of a stock listed on an Exchange is an appraisal of the value of that stock due to a series of actual sales between various persons dealing at arms' length in a free and open market. As has been held in the case of United States vs. Brown et al, (1933) 5 Fed. Supp. 81 -- "If the market for a stock listed on an Exchange is a manipulated or controlled market, in which a group of insiders, in order to enable themselves profitably to dispose of their holdings, are artificially raising the quoted price of the stock on the only market to which any man who wishes to purchase



that stock would inevitably resort, and an outsider buys in that market he obviously pays more - - how much more perhaps cannot be estimated, and in any event in a criminal case of this kind is not material - than he would have paid in a free and open market and hence is a victim of unfair dealing by the insiders. He is entitled to fair dealing and should get it."

In our view the legality of trading on balance for the purpose of supporting or maintaining a market is a matter that will have to be decided eventually in our Criminal Courts. We have recommended to the Securities Commission that representations be made to the Minister of Justice for an amendment to the Criminal Code covering trading practices. This recommendation was made with the full support of the Management Committee of the Toronto Stock Exchange and we have hopes that the amendment will be enacted at the present session of Parliament.

During our extensive investigation into this operation, certain technical violations of the By-Laws and Regulations of the Toronto Stock Exchange were revealed. As these did not contribute to the fluctuation in the price of Eldona we have not felt it necessary to mention them in this report. We are, however, passing on the evidence concerning these violations to the Management Committee of the Exchange and we are assured by that body that appropriate action will be taken.

In conclusion our findings are that the rapid rise in the price of Eldona was caused primarily by the unusual speculative ardour of the general public at a time when the first sensational values of hole U36 were obtained. This public ardour was accompanied by and to some extent induced by the vigorous market support of Brooks. Also the fairly widespread knowledge that independent engineers had been invited to and did examine the property, some of whom purchased substantial blocks of the stock at prices over \$2.00, added to the optimism of the bullish speculators. The break on 10th September, was, in our opinion, primarily due to the failure of hole U41 to return the values hoped for and expected. Liquidation by professional traders and short selling on that day which resulted in the inability or unwillingness of Brooks to further support the market at the then price level contributed to the wide recession after the break.

The property was not examined by us, but the advertising issued by Brooks and the company consisted, in the main, of factual progress reports submitted by the company's engineers, and there was no evidence before us that they were false or misleading in any material aspect.

T. P. O'Connor,  
Senior Solicitor

J. H. Collins,  
Chief Auditor

L. E. Wetmore,  
Auditor

TORONTO, APRIL 15th, 1948.



Summary of Trading in Shares of Eldona Gold Mines Limited  
by Stuyvesant-North Limited  
for the Period from August 15th to September 30th, 1947

Trading by Staycegant-North Limited												Daily Price Range (T.S.E.)				
Trading Date	Non-T.S.E.				T.S.E.				Balances				T.S.E. Volume	Range Low	Range High	
	Total Shares Bought	Total Shares Sold	T.S.E. Transactions Bought	T.S.E. Transactions Sold	Transactions Bought	Transactions Sold	Total Values Drs.	Total Values Cr.	Money	Stock						
Bal. Pkd.	12,500	12,500			\$ 3,472.79	\$ 3,472.79										
Aug. 15	19,000	116,600	19,000	4,000	112,600	7,862.50	43,692.97	32,357.68 (Cr.)	85,100 (Short)	64,100		12	.45			
18	19,000	197,800	54,500	144,100	53,700	33,078.15	104,538.10	103,815.03	228,400	401,100		13	.62			
19	113,000	199,300	113,000	162,000	37,500	80,272.50	130,509.50	154,152.03	314,900	610,900		13	.63			
20	# 200,000															
	136,000	252,900	136,000	189,400	200,000	63,500	176,345.00	186,164.23	163,971.26	231,800		629,950		.71	.80	
21	102,500	23,000	102,500	8,000		15,000	76,147.50	15,925.37	103,749.13	152,300		396,000		.65	.78	
22	39,000	190,500	39,000	171,700		18,800	29,975.00	135,410.40	209,184.53	303,800		487,650		.66	.80	
25	# 35,000		# 35,000				# 34,300.00									
	220,900	76,400	207,900	17,900	13,000	58,500	204,542.25	70,630.89	109,573.17	194,300		753,200		1.72	1.00	
26	46,000	128,500	37,400	102,300	8,600	24,200	68,320.00	190,886.99	324,140.16	274,800		1,073,550		.97	1.75	
27	# 10,000		# 10,000				# 23,900.00									
	# 30,000															
	217,600	58,000	206,000	8,000	311,600	50,000	660,810.00	134,461.25	270,308.59	174,800		1,286,825		2.10	2.60	
28	# 10,000		# 10,000				# 23,600.00									
	103,900	28,800	103,900	21,200		7,600	230,801.50	66,288.00	411,222.09	239,900		710,300		2.10	2.53	
	56,400	115,000	57,400	85,000	1,000	30,000	128,973.50	241,778.00	298,413.59	183,300		827,850		1.80	2.38	
Sept. 2	37,200	59,500	33,200	37,100	4,000	22,400	82,622.00	129,259.00	251,780.59	161,000		489,428		2.00	2.35	
3	63,900	53,400	63,900	28,000		25,400	115,187.00	91,948.00	275,719.59	171,500		492,700		1.65	1.89	
4	# 20,000		# 20,000				# 35,200.00									
	56,300	37,700	56,300	16,400		21,300	94,529.00	62,471.25	271,877.34	170,100		443,100		1.45	1.79	
5	143,200	79,600	142,300	46,600	900	33,000	250,975.00	138,551.50	384,300.84	233,700		646,550		1.59	1.83	
6	55,500	102,500	55,500	38,400		64,100	98,564.00	175,149.25	307,715.59	186,700		201,100		1.65	1.80	
9	73,000	25,200	53,000	23,500	20,000	5,700	128,406.00	50,277.75	385,843.84	230,500		181,100		1.66	1.79	
10	# 11,000		# 11,000				# 45,920.00									
	73,900	192,500	73,600	102,000	300	22,500	81,001.00	227,249.25	285,495.59	152,900		1,000,750		1.00	1.60	
11	23,500	18,700	23,300	10,100	200	8,600	26,798.00	21,236.25	29,257.59	157,700		267,575		1.03	1.23	
12	50,400	29,500	50,400	10,0,0		19,500	55,220.00	31,385.00	314,652.59	170,600		233,500		1.00	1.13	
15	# 40,000		# 40,000				# 52,000.00									
	210,700	21,800	200,500	16,100	10,200	5,700	275,401.00	29,024.50	509,229.09	327,700		439,100		1.20	1.57	
16	166,300	167,600	166,300	130,300		37,500	269,874.00	254,574.25	524,528.84	326,750		572,025		1.45	1.68	
17	219,900	2,30,700	219,900	204,750		4,000	341,049.00	315,160.50	550,397.34	337,200		714,132		1.30	1.64	
18	# 5,000		# 5,000				# 5,750.00									
	37,300	121,200	37,200	84,000		37,500	46,679.00	145,225.75	457,600.59	258,000		383,950		1.10	1.31	
19	6,500	1,700	6,200	-		1,700	68,193.00	2,146,25	463,747.34	124,700		1,20,500		1.20	1.35	
22	6,700	1,500	6,700	0,500		-	6,500	10,537.50	461,779.34	261,000		95,150		1.20	1.32	
23	9,300	3,500	8,200	1,100	500	2,400	11,105.00	4,336,50	4,63,734.34	266,000		106,200		1.13	1.25	
24	# 5,000		# 5,000				# 25,200.00									
	27,600	7,700	27,600	5,600		2,100	35,330.00	9,402,25	403,524.09	231,700		114,250		1.13	1.30	
25	12,100	27,000	12,100	-		27,000	14,006.00	32,550.00	470,775.59	266,000		46,175		1.15	1.25	
26	1,700	18,100	1,700	13,100		-	5,000	1,759.00	19,930.00	152,774.59	249,600		102,150		1.10	1.18
29	2,200	20,200	2,200	13,400		-	6,800	2,484.00	21,652.00	433,574.59	231,600		107,750		1.00	1.15
30	10,700	-	10,700	-		-	11,127.00	-	444,701.59	242,300		112,150		1.00	1.06	
	2,791,200	2,548,900	2,220,900	1,724,500	570,300	824,400	\$3,485,448.29	\$3,040,746,70				11,176,660				
	Gross Trading	2,111,200	2,5,700	2,340,900	1,770,500	70,300	824,400	\$3,440,698.29	33,92,421,70							
	Baln's	# 120,000	# 45,000	120,000	46,000	-	-	-	-	175,297,00	51,679,00					

§ Under an agreement between L.R. Brooks and H.R. Bain, the latter assumed the liability for a certain number of shares purchased and sold by Stuyvesant-North Limited. During the period, purchases totalling 120,000 shares and sales totalling 46,000 shares were allocated to Bain.

By agreement dated 15th August, 1947, between Eldona Gold Mines Limited and Stuyvesant-Worth Limited, the latter firm purchased 200,000 shares at 35¢ per share - \$70,000.00 payable by 22nd August and was granted option on 300,000 shares (100,000 shares @ 40¢, 100,000 @ 50¢, 100,000 @ 60¢, total \$150,000.00) to be taken up by 12th February, 1948. Dates of actual purchase were August 20th 200,000 shares and August 27th 300,000 shares.



Summary of Verified Wash Sales in Shares of Eldora Gold Mines Limited  
by Stuyvesant-North Limited  
During the Period from August 15th to September 12th, 1947



Summary of Verified Cash Sales in Shares of Eldora Gold Lines Limited  
by Stuyvesant-North Limited  
During the Period from August 15th to September 12th, 1947

Date	Ticket No.	Time	No. of Shares	Price	Client Seller	Selling Broker		Client Buyer	Buying Broker	
						Original	Stitney		Original	Stitney
Aug. 22	06744	10:03	1,000	.72	Stuyvesant	Cannon	Frane	Stuyvesant	Cannon	Evans
	04784	10:12	1,000	.69	"	"	"	"	Thomson & Co.	
	087681	10:13	2,000	.69	"	"	"	"	Bellinger	
	243116	10:24	1,000	.68	"	"	"	"	Rittenhouse	
	243112	10:24	1,000	.68	"	"	"	"	Pooler	
	168134	10:26	1,000	.68	"	"	"	"	Leslie	
	243243	11:34	500	.70	"	"	Hovenor	"	Evans	
	06342	12:20	1,000	.76	"	"	Stewart	"	Thomson & Co.	
	005325	12:31	500	.76	"	"	"	"	Hooney	
	168716	2:16	500	.77	"	"	Hovenor	"	Cannon	Frane
Aug. 25	088717	12:42	2,000	.98	"	"	Leslie	"	Bain	
	65762	12:45	1,000	.98	"	"	Harcourt	"	Thomson & Co.	
	088763	12:45	1,000	.98	"	"	MacDonald	"	"	
	088797	12:47	2,000	.99	"	"	Harcourt	"	Bellinger	
Aug. 26	395351	1:43	900	1.52	"	"	Ferguson	"	Leslie	
	244293	1:53	2,000	1.58	"	"	Hovenor	"	Thomson & Co.	
	244294	1:53	600	1.59	"	"	"	"	"	
	244295	1:53	1,400	1.59	"	"	"	"	"	
	290358	1:58	1,000	1.62	"	"	"	"	"	
Aug. 27	282174	2:30	2,000	2.40	"	"	Hooney	"	Pooler	
Aug. 29	247916	12:46	4,000	2.20	"	"	"	"	T. & Richardson	
	247905	12:46	1,000	2.20	"	"	Hovenor	"	"	
	247904	12:46	1,500	2.20	"	"	Evans	"	"	



Summary of Verified Wages Sales in Shares of Eldene Gold Mines Limited  
by Stuyvesant-North Limited  
During the Period from August 15th to September 12th, 1947

Schedule 1



Summary of Verified Net Sales in Shares of Eldona Gold Mines Limited  
by Stuyvesant-Wirth Limited  
During the Period from August 15th to September 12th, 1947

Schedule "B"

1947	Ticket No.	Time	No. of Shares	Price	Client Seller	Selling Broker		Client Buyer	Buying Broker	
						Original	Jitney		Original	Jitney
Sept. 8	290351	11:28	2,000	1.74	Stuyvesant	Peeler	Woodham	Stuyvesant	Wills	
	101050	11:29	2,000	1.75		"	"		Bellinger	
	101052	11:30	500	1.75		"	"		Cannon	
	290919	11:32	100	1.76		"	"		"	
	101043	11:32	500	1.75		"	"		Wills	
	290943	11:37	700	1.75		"	"		Bellinger	
	101109	11:38	100	1.77		"	"		Thomson & Co.	
	101110	11:38	200	1.77		"	"		Cannon	
	101115	11:39	100	1.77		"	"		"	
	101118	11:39	200	1.77		"	"		Thomson & Co.	
101130		11:40	100	1.7		"	Harcourt		Cannon	
013453		11:42	200	1.77		"	"		Doherty	
101178		11:44	1,400	1.77		"	Woodham	"	Wills	
101185		11:44	2,000	1.77		"	Mooney	"	"	
104851		11:48	1,300	1.77		"	Harcourt	"	Wills	
13570		11:53	1,000 12,400	1.77		"	Mooney	"	Cannon	
Sept. 9	10114	10:00	1,000	1.75		Cannon			F.A. Richardson	
	10115	10:02	3,000	1.77		Peeler				
	10116	10:02	2,000	1.77		"				
	101194	10:15	1,500	1.77		"			"	
	108592	10:15	1,000 8,500	1.77		"				
Sept. 10	292465	12:14	1,000	1.11		"			Cannon	Stewart
	100103	12:14	2,000	1.10		"			"	Hovenor
	16432	2:35	3,000	1.15		Peeler				
	16450	2:37	1,000 7,000	1.14		"				
Sept. 12	108859	10:01	3,900	1.12		"	Prescott	"	Thomson & Co.	
	Grand Total		132,100							



Schedule "C"

Summary of Trading by Brokers in Shares of Eldona  
 for the account of Stuyvesant-North Limited  
 During the Period from August 15th to September 12th, 1947  
 (Showing Transactions Jitneyed on the Toronto Stock Exchange)

<u>Broker</u>	<u>Total Shares</u>		<u>Jitney Transactions</u>	
	<u>Bought</u>	<u>Sold</u>	<u>Bought</u>	<u>Sold</u>
<u>T.S.E. Members</u>				
Bain	72,800	79,400		
Bellinger	112,000			
Biggar		1,700		
Breckenridge	135,000	11,000		
Burns	65,000			
Cannon	422,400	940,000	106,700	467,200
Doherty	30,500	2,000		
Frame	10,000	5,000		
Gardiner	18,600			
King	1,800			
Leslie & Co., F.S.	30,400	1,000		
Mooney	68,500			
Pooler	78,700	221,600		54,900
Richardson, T.A.	198,700			
Rittenhouse	26,200	6,500		
Robertson		4,500		
Thomson & Co.	320,700	20,000	5,000	
Watson	900			
Wills	35,900			
Woodhams		1,000		
	1,623,100	1,293,700	111,700	522,100
Brook & Co. T.L.	26,800	438,900		
Picard & Fléming		800		
Leslie & Co., G.E. (Mtl.)	32,800	254,200		
	1,687,700	1,987,600		

Number of Brokers trading for Stuyvesant-North Limited during period -

Brokers trading directly for Stuyvesant-North	23
Brokers acting as jitneys in the trading	18
	41
<u>Less</u> - Brokers trading directly and acting as jitneys	5
Total Brokers trading for Stuyvesant-North	36

The following Brokers acted as jitneys -

For Cannon - Chisholm, Evans, Ferguson, Frame, Harcourt, Hevenor, Leslie, MacDonald, McFetrick, Mooney, Rennie, Stewart, Watson and Woodhams

For Pooler - Harcourt, Mooney, Nicholson, Playfair, Prescott and Williams

For Thomson - J. Richardson & Sons



Schedule "D"

Summary of Short Selling and Short Covering in Shares of Eldona Gold Mines Limited  
Included in Accounts Trading 5,000 Shares and Over through the Toronto Stock Exchange  
for the Period from August 15th to September 12th, 1967

Trading Date	Selling and Short Covering					Stock Exchange		
	Shares Sold Short	to cover (Date, 1)	Net Trading on Day	% of Short Selling to T.S.E. Volume	T.S.E. Volume	Daily Price Range	Not Trading on Day (T.S.E. only)	
Aug. 15	6,900		8,900 (Short)	14	64,100	.32 .45	15,000	
18	29,890	4,600	16,200 "	4	401,000	.43 .62	89,600 (Short)	
19	36,200	10,000	26,200 "	5	610,900	.63 .72	49,000 "	
20	61,600	13,600	48,000 "	9.5	629,950	.71 .80	53,400 "	
21	15,000	26,100	11,100	3	396,000	.65 .78	94,500	
22	7,550	31,500	24,000	1.5	407,650	.66 .80	132,700 "	
25	54,350	14,230	40,100 "	5.5	753,200	.72 1.00	155,000	
26	31,700	70,200	38,500	2.7	1,773,550	.97 1.75	64,900 "	
27	34,400	32,300	2,100 "	2	1,286,825	2.10 2.60	188,000	
28	14,500	22,100	7,600	2	710,300	2.10 2.50	72,700	
29	31,800	33,700	1,900	3.3	827,850	1.83 2.38	27,600 "	
Sept. 2	16,500	10,800	5,700 "	3.4	489,428	2.00 2.35	3,900 "	
3	13,900	11,200	2,700 "	2.6	492,700	1.65 1.89	"	
4	10,500	14,500	4,000	2.4	443,100	1.45 1.79	1,100	
5	33,900	5,000	28,900 "	4.9	646,550	1.59 1.83	"	
8	4,000	7,100	3,100	1.5	201,100	1.65 1.80	1,200	
9	3,900	13,900	10,000	1.6	181,100	1.66 1.79	1,200	
10	6,900	52,200	12,700 "	6.4	1,000,760	1.00 1.65	55,400 "	
11	49,000	15,900	33,100 "	17.7	267,575	1.03 1.23	1,500	
12	1,900	13,400	12,600	43	233,500	1.00 1.12	1,200	
	514,221	4,300	112,000 (Short)		11,197,120		3,100	

Percentage of Total Short Sales to Total T.S.E. Volume 4.6%

Note #1 - The figures shown in this column headed "Shares Bought to Cover" represent purchases to cover short sales which occurred, for the most part, on prior days within the period of the statement. The last three days of the period are not included in this column because the following short sales occurred on September 11th, 12th and 13th, which were not covered within that period.



Schedule of Trading in Shares of Eldora Gold Mines Limited  
by L.A. Chesler, Customers' man with Dohle Dohle & Co.  
for the Period from August 15th to October 24th, 1947.

Schedule No. 2

Trading Date	Broker Agent	Total Shares Bought	Total Shares Sold	Price Range	Dr.	Value	Cr.	Short Position
1947								
Aug. 20	Dohle		2,000					
20	Watt		5,000	.77	.78	14,844.72	3,617.20	25,000
22	Dohle	25,000		.71	.73	18,475.00		
Sept. 10	Dohle		39,700	1.05	1.20	46,488.90		39,700
11	Dohle Adjustment							
11	Dohle	26,600		1.05	1.11	27,842.00		66,500
15	Angus	15,000		1.25		18,375.00		81,500
29	Dohle	3,000		1.05		3,075.00		81,500
Oct. 2	Dohle	7,600			1.06	8,424.00		76,700
3	Dohle	3,200		1.06	1.07	3,458.00		73,500
7	Dohle	2,800			1.08	3,080.00		71,700
8	Dohle	10,900		1.26	1.37	11,066.00		
8	Angus	3,500		1.26	1.37	3,610.00		56,300
10	Angus	5,800		1.06	1.07	6,299.00		
10	Dohle	21,300		1.13	1.20	22,330.00		29,500
14	Dohle	2,100		1.18	1.19	1,329.00		
15 (Note #1)	Dohle	25,000		1.00 loss 15%			36,250.00	
15	Angus	9,700		1.17	1.20	11,711.00		
15	Angus	3,900		1.18	1.19	5,642.00		39,800
16	Dohle	5,000			1.20	6,100.00		31,800
17	Dohle	6,000		1.20	1.33	7,235.00		
17	Angus	600		1.20	1.21	777.00		26,000
20	Dohle	2,300			1.36	3,151.00		
20	Angus	600			1.32	804.00		23,100
21	Angus	400		1.27	1.30	643.00		
21	Dohle	2,300		1.27	1.28	2,979.00		23,400
22	Dohle	15,700		1.34	1.35	21,235.00		4,700
23	Dohle	2,100		1.27	1.28	2,719.00		2,600
24	Dohle	2,600			1.26	3,320.00		
	Trading Loss	134,500	134,500			8 151,730.00	9 151,169.22	
							568.78	
								8 151,730.00

Note #1 - On or about September 16th, 1947, S.R. Angus of Angus & Company, T.S.E. Members, gave Chesler, at the latter's option, a "put" on 25,000 shares @ \$1.00 per share, good until 3:00 P.M. October 15th, 1947. Chesler paid Angus 15% per share (\$3,750.00) for the put. The put was exercised on October 15th by Chesler delivering to Angus the 25,000 shares against payment of \$40,000.00.



Schedule of Trading in Shares of Eldona Gold Mines Limited  
 by J.T. Cannon, J.P. Cannon, G.J. Cannon and Mrs. D.J. Cannon  
for the Period from August 15th to September 30th, 1947

<u>Trading Date</u>	<u>Total Shares Bought</u>	<u>Shares Sold</u>	<u>Price Range</u>	<u>Value Dr.</u>	<u>Value Cr.</u>	<u>Stock Position</u>
1947						
Aug. 18	27,000		.43	.58	14,533.50	
18		17,000	.59 $\frac{3}{4}$	.62		10,189.88
19	19,000		.66	.69	12,903.50	10,000
19		24,000	.69	.72		16,835.96
20	27,000		.71	.76	20,087.00	5,000
20		33,000	.78	.80		25,844.74
21	46,000		.65 $\frac{1}{2}$	.72	31,886.50	1,000 (Short)
21		42,500	.71	.78		31,267.92
22	30,500		.66	.76 $\frac{1}{2}$	21,639.50	2,500
22		33,500	.78	.79		26,069.28
25	36,000		.72	.97	31,968.00	500 (Short)
25		29,000	.73	.99		26,339.86
26	26,700		1.35	1.66	39,017.60	6,500
26		28,900	.98	1.72		43,471.94
27	68,200		2.10	2.40	149,319.80	4,300
27		57,400	2.20	2.60		134,514.40
28	13,500		2.10	2.32	29,764.00	15,100
28		28,400	2.10	2.50		65,011.40
29	22,600		1.86	2.25	44,724.00	200
29		18,800	1.98	2.38		40,858.80
Sept. 2	25,500		2.00	2.18	53,375.00	4,000
2		25,500	2.16	2.35		56,404.50
3	17,300		1.65	1.81	30,030.40	4,000
3		9,300	1.70	1.88		16,788.10
4	10,700		1.48	1.72	17,187.60	12,000
4		10,700	1.66	1.78		18,440.90
5	29,100		1.61	1.75	49,397.80	12,000
5		33,900	1.67	1.83		59,039.30
8	10,500		1.65	1.73	17,684.00	7,200
8		7,700	1.74	1.80		13,639.90
9	5,800		1.66	1.75	9,932.40	10,000
9		7,600	1.70	1.79		13,361.20
10	33,100		1.01	1.31	38,270.80	8,200
10		42,100	1.06	1.50		52,560.70
11	10,500		1.05	1.16	11,487.00	800 (Short)
11		7,500	1.17	1.20		8,773.50
12	4,000		1.01	1.06	4,212.00	2,200
12		5,000	1.04	1.09		5,335.00
15	3,600		1.35		4,932.00	1,200
15		3,800	1.32	1.64		5,806.40
16	4,600		1.46	1.64	7,192.80	1,000
16		5,600	1.35	1.68		8,797.20
17	24,400		1.38	1.51	35,225.60	Ø
17		24,400	1.48	1.64		37,917.40
18	12,800		1.11	1.20	15,023.40	Ø
18		12,800	1.23	1.31		16,069.60
	508,400	508,400			689,794.20	733,337.88



Schedule of Trading in Shares of Eldona Gold Mines Limited  
by J.T. Cannon, J.P. Cannon, G.J. Cannon and Mrs. D.J. Cannon  
for the Period from August 15th to September 30th, 1947

<u>Trading Date</u>	<u>Total Shares</u>		<u>Price Range</u>		<u>Dr.</u>	<u>Cr.</u>	<u>Stock Position</u>
	<u>Bought</u>	<u>Sold</u>					
Forward	508,400	508,400			689,794.20	733,337.88	Ø
1947							
Sept. 19	1,300		1.25	1.26	1,641.40		
19		1,300		1.30		1,673.10	Ø
22	1,500		1.20	1.27	1,826.00		
22		1,300	1.25	1.27		1,620.10	200
23	2,000		1.13	1.16	2,294.00		
23		2,000	1.20	1.25		2,399.00	200
24	2,000			1.22	2,456.00		
24		1,200	1.22	1.25		1,478.40	1,000
25	1,000		1.18	1.20	1,198.00		
25		1,500	1.24	1.25		1,845.50	500
29	500			1.06	534.00		
30	2,600		1.00	1.01	2,625.80		
30		2,100		1.05		2,177.70	1,500
Long	519,300	517,800			702,369.40	744,531.68	
		1,500			42,162.28		
	519,300	519,300			\$ 744,531.68	\$ 744,531.68	

To Establish Profit on Trading

Add:	Credit Balance as above	\$ 42,162.28
	1500 shares long @ \$1.03 per share	1,545.00
	Profit on Trading	\$ 43,707.28



Comparison of Trading in Shares of Eldona Gold Mines Limited  
 by Stuyvesant-North Limited through J.P. Cannon & Co.  
 with Trading in the Name of J.T. Cannon, J.P. Cannon,  
 G.J. Cannon and Mrs. D.J. Cannon  
for the Period from August 15th to September 30th, 1947

Trading Date	Stuyvesant-North Ltd.			J.T. Cannon et al		
	Bought	Sold	Net Trading on Day	Bought	Sold	Net Trading on Day
<b>1947</b>						
Aug. 15	9,500	4,000	5,500	-	-	-
18	16,000	144,100	128,100 (Short)	27,000	17,000	10,000
19	26,000	154,000	128,000 "	19,000	24,000	5,000 (Short)
20	39,500	145,400	105,900 "	27,000	33,000	6,000 "
21	30,500	5,500	25,000	46,000	42,500	3,500
22	10,500	135,000	124,500 "	30,500	33,500	3,000 "
25	25,400	17,900	7,500	36,000	29,000	7,000
26	12,800	97,300	84,500 "	26,700	28,900	2,200 "
27	80,500	8,000	72,500	68,200	57,400	10,800
28	25,000	21,200	3,800	13,500	28,400	14,900 "
29	200	53,900	53,700 "	22,600	18,800	3,800
Sept. 2	7,700	31,900	24,200	25,500	25,500	-
3	16,400	20,000	3,600 "	17,300	9,300	8,000
4	11,700	8,400	3,300	10,700	10,700	-
5	32,800	10,500	22,300	29,100	33,900	4,800 "
8	19,000	10,000	9,000	10,500	7,700	2,800
9	5,100	4,800	300	5,800	7,600	1,800 "
10	23,100	63,000	39,900 "	33,100	42,100	9,000 "
11	9,600	5,100	4,500	10,500	7,500	3,000
12	21,100	-	21,100	4,000	5,000	1,000 "
15	39,000	-	39,000	3,600	3,800	200 "
16	2,200	29,800	27,600 "	4,600	5,600	1,000 "
17	45,500	115,100	69,600 "	24,400	24,400	-
18	10,600	39,400	28,800 "	12,800	12,800	-
19	-	-	-	1,300	1,300	-
22	-	7,500	7,500 "	1,500	1,300	200
23	100	1,000	900 "	2,000	2,000	-
24	14,700	1,100	13,600	2,000	1,200	800
25	3,200	-	3,200	1,000	1,500	500 "
26	200	200	-	-	-	-
29	500	-	500	500	-	500
30	800	-	800	2,600	2,100	500
	<u>539,200</u>	<u>1,134,100</u>	<u>594,900 (Short)</u>	<u>519,300</u>	<u>517,800</u>	<u>1,500</u>



Classification of Trading in the Shares of Eldora Gold Mines Limited  
on the Toronto Stock Exchange  
for the Period from August 15th to August 26th and 10th September, 1947

Date	Maverick - North Ltd.		Brooks, L.R.		Member Brokers, Partner, Partner Controlled and Professional		General Public (#)		Total (#)	
	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold
Aug. 15	19,000 (30%)	4,000 (6%)			10,700 (16%)	21,100 (33%)	34,400 (54%)	38,300 (61%)	64,100	63,600
18	54,500 (13%)	144,100 (36%)	15,000 (4%)		151,700 (38%)	54,000 (13%)	180,300 (45%)	201,800 (51%)	401,500	399,900
19	113,000 (18%)	162,000 (27%)		15,000 (20%)	143,100 (24%)	178,900 (30%)	354,500 (58%)	252,100 (42%)	610,600	608,000
20	136,000 (22%)	189,400 (30%)			127,250 (20%)	183,550 (29%)	364,250 (58%)	255,550 (44%)	627,500	628,500
21	102,500 (26%)	8,000 (2%)			118,800 (30%)	142,000 (36%)	174,200 (44%)	245,000 (62%)	395,500	395,000
22	39,000 (8%)	171,700 (35%)	5,000 (1%)		140,650 (27%)	108,300 (22%)	302,000 (62%)	206,650 (43%)	486,650	486,650
25	207,900 (27%)	17,900 (2%)			184,800 (25%)	191,500 (26%)	362,000 (48%)	546,300 (72%)	756,700	755,700
26	37,400 (3%)	102,300 (10%)			278,900 (24%)	256,300 (23%)	761,750 (71%)	714,650 (69%)	1,078,050	1,073,250
	709,300 (17%)	799,400 (18%)	20,000	15,000	1,157,900 (26%)	1,135,650 (26%)	2,533,400 (57%)	2,460,550 (56%)	4,420,600	4,410,600
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sept. 10	73,600 (7%)	170,000 (17%)			162,700 (17%)	378,900 (38%)	760,050 (76%)	453,150 (45%)	996,350	1,002,050
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\* Includes purchases and sales through Banks and Brokers not Members of the Toronto Stock Exchange.

# These totals are taken from the reports of purchases and sales submitted by Member Brokers and vary in a small degree with official Exchange totals.



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PARLIAMENT BUILDINGS  
TORONTO, ONTARIO

ONTARIO, SECURITIES COMMISSION

THE SECURITIES ACT, 1945

RE G. F. COCKBURN AND COMPANY

JUDGMENT ON REVIEW

Hearing April 19th, 1948

The registration of the above-named broker who carried on business in the City of Toronto was cancelled by Order of the Chairman as of March 1st, 1948.

Mr. Cockburn's wife made application for review of the Chairman's decision by the full Commission.

Naturally the matter being one of considerable importance, the Commission expected that Mr. Cockburn or his Office Manager or someone having a thorough knowledge of the business would be available to make some explanations and representations as to why the registration should not be cancelled.

Mrs. Cockburn really had no knowledge of what went on in the business. Besides that, it appears from a communication from Mr. Cockburn to his "Clients and Correspondents" dated March 11th, 1948 that he was retiring from the business which would be carried on by one, E.A. Manning. Mrs. Cockburn admitted the business had been disposed of to Mr. Manning.

In the circumstances we see no good reason for altering the decision of the Chairman of the 1st day of March, 1948.

Toronto, May 31st, 1948



THE SECURITIES ACT, 1945

RE G. H. WOOD AND COMPANY

ORDER OF THE CHAIRMAN

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As the result of a complaint from Mr. William Konency and Mr. S.R. Carlson of New Auburn, Wisconsin, an Investigation Order was obtained for the purpose of inquiring into the trading of units in the Pete Schwerdt Prospecting Syndicate.

In the course of the investigation Mr. G.H. Wood was examined under oath. It appears that Mr. Wood permitted distribution of these syndicate units to take place from his office through a deal made with E.H. Clark at that time business manager of the Canadian Mining Review, as nominee for Mr. Peter Schwerdt. The advertising in connection with the sale was done by The Canadian Mining Review, charged to Mr. Wood and charged back again by Wood to Mr. Clark as Schwerdt's nominee. Telegrams and circulars soliciting purchases over the signature of G.H. Wood and Company were prepared by The Canadian Mining Review or A.B. Frerer and sent out to various prospects. These were charged to G.H. Wood and Company in the first instance and then charged back to the monies to be received by Clark as nominee from the sale of the units. In general The Canadian Mining Review would appear to be the distributor of the units and G.H. Wood and Company merely a clearing house on the basis of payment of \$1.00 and later \$1.50 per unit.

When a broker or dealer holds registration from the Commission we expect some responsibility on his part. It is not contemplated that such registration is to be used merely as a conduit pipe for activities of persons distributing securities who do not hold registration themselves.

Accordingly the application for registration of G.H. Wood and Company now pending, is refused. As this is the Order of the Chairman it is subject to review by the full Commission upon the applicant taking proper steps under the Act.

Toronto, May 31st, 1948







CAZON  
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PARLIAMENT BUILDINGS  
TORONTO



ONTARIO, SECURITIES COMMISSION

" [Reviews of registrations of brokers and  
salesmen]  
[Vol. 3. No. 7.]

FOR RELEASE THURSDAY, OCTOBER 28/48 at 3. p.m.

Mr. O.E. Lennox, K.C., Chairman of the Ontario Securities Commission stated to-day that any steps taken regarding the market activity of Nicholson Mines Limited are purely routine and similar precautions have been taken and will be taken in the future as a matter of course in any case in which there is a spectacular rise in the market price of a security.

The Chairman also stated that the registration of The Financial Analyst, (Leonard L. McCarthy, sole proprietor) as an investment counsel has been suspended by the Commission, as it is considered that this financial sheet is responsible for publishing a misleading and unauthorized report regarding Nicholson Mines Limited.



